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FRANCHISE DISCLOSURE DOCUMENT

ALL AMERICAN PET RESORTS, LLC
a Michigan limited liability company
39555 Orchard Hill Place, Suite 600
Novi, MI 48375
(248) 449-2949
AllAmericanPetResorts.com

As a franchisee, you will operate a business offering professional pet boarding, daycare, and grooming services.

The total investment necessary to begin operation of an All American Pet Resorts® Business is $632,000-$1,546,000. This includes $50,000 to $54,000 that must be paid to the franchisor or its affiliate.

The 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, us or our Affiliates in connection with the franchise sale or grant. **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 the Executive Vice President at All American Pet Resorts, LLC, at 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 (248) 449-2949or stephan@aprllc.com.

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

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

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

Issuance Date: April 30, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit E for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN MICHIGAN. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR LITIGATE WITH US IN MICHIGAN THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT MICHIGAN LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $632,000 TO $1,546,000. THESE AMOUNTS EXCEED THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2018, WHICH IS $336,762.

5. YOU MUST MAKE MINIMUM ADVERTISING AND OTHER EXPENDITURES. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Effective date:	June 6, 2019
Florida	Effective date:	June 9, 2019
Maryland	Effective date:	July 30, 2019
Michigan	Effective date:	April 30, 2019
New York	Effective date:	October 30, 2019
Texas	Effective date:	May 15, 2006*
Virginia	Effective date:	June 1, 2019

*Denotes One-Time Filing, perpetual registration

TABLE OF CONTENTS

ITEM	PAGE
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	2
ITEM 3 LITIGATION	3
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES	4
ITEM 6 OTHER FEES	6
ITEM 7 ESTIMATED INITIAL INVESTMENT	9
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9 FRANCHISEE'S OBLIGATIONS	15
ITEM 10 FINANCING	16
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	16
ITEM 12 TERRITORY	26
ITEM 13 TRADEMARKS	28
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	30
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	31
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	32
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	32
ITEM 18 PUBLIC FIGURES	34
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	34
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	40
ITEM 21 FINANCIAL STATEMENTS	42
ITEM 22 CONTRACTS	43
ITEM 23 RECEIPT	43

EXHIBITS:

Exhibit A:	Financial Statements
Exhibit B:	Franchise Agreement
Exhibit C:	List of Franchisees
Exhibit D:	Trademark-Specific Franchisee Organizations
Exhibit E:	List of State Administrators and Agents for Service of Process
Exhibit F:	State-Specific Addenda to Disclosure Document, Franchise Agreement and Area Development Agreement
Exhibit G:	Non-Disclosure and Non-Competition Agreement
Exhibit H:	Statement of Franchisee
Exhibit I:	Brand Manual Table of Contents
Exhibit J:	Application and Confidentiality Agreement
Exhibit K:	Form Release of Claims
Exhibit L:	Receipt

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "All American Pet Resorts®" or "we" means All American Pet Resorts, LLC, the "Franchisor" and "You" means the person, corporation, partnership or other business entity that buys the franchise, the "Franchisee". If you are a business entity, "You" includes your owners.

The Franchisor, Predecessor and Affiliates

All American Pet Resorts, LLC is a Michigan limited liability company formed on November 4, 2005. We do not do business under any other name. Our principal business address is 39555 Orchard Hill Place, Suite 600, Novi, MI 48375. Our fiscal year ends on December 31. Our agents for service of process in Michigan is Arthur K. Rimbold. Our agents for service of process in other states are disclosed on Exhibit E. We do not do business under any name other than "All American Pet Resorts, LLC", nor have we offered franchises in other lines of business.

We do not have any predecessors or parents as of the date of this disclosure document, but we do have one affiliate. Our affiliate is Rimbold Enterprises, Inc. d/b/a All American Pet Resorts® Royal Oak, a Michigan corporation, formerly doing business as Pet Ritz America that was incorporated on May 4, 2005 ("**All American Pet Resorts® Royal Oak**"). The principal business address for All American Pet Resorts® Royal Oak is 4227 Delemere Blvd., Royal Oak, MI 48073. All American Pet Resorts® Royal Oak operates an All American Pet Resorts® Business similar to the one described in this FDD since 1983 and assists with providing training to our franchisees. Our affiliate does not do business under any other name.

We acquired the rights to use certain intellectual property developed by All American Pet Resorts® Royal Oak for purposes of operating pet boarding, daycare and grooming business under a license agreement ("**License Agreement**").

The Business

We offer franchises for the use of our "All American Pet Resorts®" trademarks, trade names, service marks and logos ("**All American Pet Resorts® Marks**" or "**Marks**") for the operation of All American Pet Resorts® Businesses, which will provide services for boarding, daycare and grooming of pets and the sale of related products. We do not operate an All American Pet Resorts® Business. We do not operate any business other than offering franchises under the All American Pet Resorts® Marks. The franchise is operated under a business format using a unique system, including our valuable know-how, information, trade secrets, training methods, Brand Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of All American Pet Resorts® Businesses ("**System**"). We reserve the right to change or otherwise modify the System at any time. Each All American Pet Resorts® Business will offer professional pet boarding, daycare and grooming services.

You must sign our standard franchise agreement ("**Franchise Agreement**") and must operate your All American Pet Resorts® Business using our standard business operating practices. Your All American Pet Resorts® Business must offer authorized services and products, including pet boarding and daycare. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your All American Pet Resorts® Business at any time as we deem appropriate. You must also obtain all necessary permits, licenses and approvals to operate your All American Pet Resorts® Business.

We make our offer to prospective franchisees using a single-unit Franchise Agreement in the form attached as Exhibit B to this Disclosure Document. You must sign a separate Franchise Agreement for each All American Pet Resorts® Business that you operate. Unless otherwise stated, any reference in this Disclosure Document to "you" or "Franchisee" includes you as a franchisee under a Franchise Agreement.

Regulations

Certain states and local jurisdictions may have enacted laws, rules, regulations, and ordinances that apply to animal care in general or specifically to animal boarding, daycare and/or grooming. These regulations may establish certain standards, specifications, and requirements that must be followed by you. You should investigate whether there are any regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchise and you should consider both their effect and the cost of compliance. You are responsible for obtaining all required licenses and permits and ensuring that your employees and others providing All American Pet Resorts® Products and Services to customers on behalf of your All American Pet Resorts® Business have all required licenses and permits.

Market Competition

The All American Pet Resorts® System presently focuses on serving pet owners in urban and suburban areas. You may have to compete with other businesses including franchised operations, national chains and independently owned companies offering pet boarding, daycare and grooming, including animal training companies, animal obedience companies, grooming and pet companies, animal boarding kennels, regional and national pet store chains, and some veterinary offices that provide pet boarding, daycare and grooming. The market for animal boarding, daycare and grooming services is competitive.

ITEM 2
BUSINESS EXPERIENCE

Managing Member & CEO: Arthur Rimbold

Mr. Rimbold is our Managing Member since our formation in November 2005 and our CEO since December 2015 in Brighton, Michigan. Mr. Rimbold also has served as our President since January 2013 and from May 2005 to April 2011. He has also served as the CEO and President of All American Pet Resorts® Royal Oak since its formation in May 2005 in Royal Oak, Michigan.

Member: Yolanda Rimbold

Mrs. Rimbold has been a Member since our formation in November 2005 in Brighton, Michigan. Mrs. Rimbold has also been the Vice President and Owner/Operator of All American Pet Resorts® Royal Oak since its formation in May 2005 in Royal Oak, Michigan.

Executive Vice President: Stephan Dimitroff:

Mr. Dimitroff is our Executive Vice President since December 2017 in Brighton, Michigan. Previously, he was a Senior Account Manager for Omron Automotive Electronics from August 2011 until December 2017 in Novi, Michigan.

Member and Director of Development: Richard D. Kresge

Mr. Kresge has been a Member since our formation in November 2005 in Punta Gorda, Florida.

ITEM 3
LITIGATION

Pending Litigation

Kathleen and Richard Kresge v. All American Pet Resorts, LLC and Arthur K. Rimbold, Case No. 18-301109-CB, pending in the 44th Circuit Court of Michigan, Civil Division, filed on November 10, 2018. A former member, Kathleen Kresge, and a current member, Richard Kresge, of the Franchisor asserted claims against us and our President for violations of Michigan corporate law. Specifically, the Kresges alleged we violated Michigan law with respect to the operation of the company by failing to perform corporate duties in good faith and in the best interests of the company and by willfully engaging in unfair and oppressive conduct toward the company and its members as it relates to Ms. Kresge's membership interest. The Kresges seek a declaration of their rights and remedies, dissolution of the company or purchase of Ms. Kresge's interest, more than $25,000 in damages, and recovery of their attorney's fees. On January 17, 2019, we filed counterclaims against the Kresges, asserting that they breached their fiduciary duties to the company, tortiously interfered with the Franchisor's business relationships, and improperly received money that should be paid to the Franchisor. We also requested that the Kresges be prohibited from bringing future actions relating to the Franchisor. A trial is scheduled for later in 2019. We will vigorously defend against the claims in this matter.

Prior Litigation

J&F Doggie Operations, LLC v. All American Pet Resorts, LLC, pending before the American Arbitration Association in Tampa, Hillsborough County, Florida, filed on December 13, 2018. One of our Florida franchisees filed claims against us for breach of the franchise agreement and implied covenant of good faith and fair dealing, seeking a refund of the initial franchise fee and a declaration that it could terminate the franchise agreement. We filed a counterclaim against the franchisee and third-party claim against the owner and guarantor, Frank Hake, on January 4, 2019 seeking royalties due under the franchise agreement, protection of our confidential information, and enforcement of the noncompetition agreement. The parties have reached a

confidential resolution of the claims in this matter, resulting in a dismissal with prejudice of all claims and no imposition of liability against us. The Franchise Agreement was terminated pursuant to the settlement, and each party was released from their obligations under the Franchise Agreement. No consideration was paid by us.

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

ITEM 4
BANKRUPTCY

No bankruptcy actions are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for your first All American Pet Resorts® Business is $50,000 and is paid to us on the date when you sign a Franchise Agreement. The Franchise Agreement is to be signed within 180 days after we receive your Application and Confidentiality Agreement. The Initial Franchise Fee is deemed fully earned by us once paid and is non-refundable.

The Initial Franchisee Fee for your second All American Pet Resorts® Business is $40,000 and is paid to us on the date when you sign a second Franchise Agreement. The Initial Franchisee Fee for your third and any additional All American Pet Resorts® Businesses is $30,000 for each All American Pet Resorts® Business and is paid to us on the date when you sign a third or additional Franchise Agreement.

The Initial Franchise Fee is non-refundable unless we terminate the Agreement because of any of the following: (i) you cannot, after diligent effort, obtain an Approved Location within 12 months after you sign the Franchise Agreement; (ii) you cannot, after diligent pursuit, obtain the applicable licenses required by the state and local government applicable to your Territory to operate an All American Pet Resorts® Business within 12 months after you sign the Franchise Agreement; or, (iii) you failed to complete the training program to our satisfaction. We will notify you in writing if we exercise our right to terminate the Franchise Agreement for any of these reasons, and we will refund 50% of the Initial Franchise Fee to you within 30 days after our notice to you, less any costs or expenses we incur in connection with your All American Pet Resorts® Business.

If you are a qualified United States Veteran, we will discount the initial franchise fee for your All American Pet Resorts® Business(es) by 10%.

During our last fiscal year ending December 31, 2018, we collected uniform Initial Franchise Fees.

Site Selection Assistance Fee

We will send a representative into your Territory to assist you in the site selection process for the Pet Resort or to obtain any necessary zoning or building permit approval on 3 separate occasions without charging you a fee. We will pay all costs and expenses associated with these 3 site selection visits. If you request additional site selection assistance, we have the right to charge you a site selection assistance fee ("**Site Selection Assistance Fee**") as noted in the fee schedule in the Brand Manual, which we reserve the right to change at any time. The Item 7 table below contains a high-end estimate of $4,000 for the Site Selection Assistance Fee and was calculated assuming that our representatives will spend 5 days on-site assisting with the site selection. However, your actual cost will vary depending on travel costs and other factors, including the assistance you request and the amount of time our representative spends at your Pet Resort. You also will be responsible for paying all living expenses and travel expenses for our representative to travel to your site and provide you with this additional site selection assistance.

The Site Selection Assistance Fee is nonrefundable. We did not collect any Site Selection Assistance Fees during our last fiscal year ended December 31, 2018.

Other Additional Assistance

If you request additional on-site, pre-opening assistance beyond what is provided by us, you can request that we send a representative to provide further assistance to you. Additional assistance may include analysis, zoning presentations or other activities not included in the Initial Franchise Fee. For example, upon your request, we will analyze a location by examining population density, census data, and proximity of the proposed location to other All American Pet Resorts® Businesses, or any other criteria noted in the Franchise Agreement. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. Our current published rate for additional assistance is $150 per hour, with a minimum of $600, plus the cost of travel and room and board, but we reserve the right to adjust that rate periodically in our Brand Manual. The Item 7 table below contains a high-end estimate of $1,000 for Pre-Opening Fees and was calculated assuming that our representatives will spend approximately 4 to 5 hours assisting you, plus the cost of travel and room and board. Any fees paid to us in connection with additional on-site, pre-opening assistance are nonrefundable.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[(1)†]	7% of Gross Revenues[(1)]	Payable monthly via electronic funds transfer on or before the 10th day of each month during the Operating Term (as defined in Item 11)	Gross Revenues are all revenue generated by the franchise operation. Payments are due after the first 4 months of operations (begins the 5th month of operations).
Individual Advertising Expense[(2)†]	The greater of 1% of Gross Revenues[(1)] per month or $1,000 per month	Required fees calculated on a monthly basis and payment due as required by third party vendors	Expense after the first 90 days of operation for local advertising. We may waive the requirement that you pay the Individual Advertising Expense if you average a 70% occupancy rate.
Brand Development and/or Promotions Fee[(3)†]	2% of Gross Revenues[(1)] per month	Payable monthly via electronic funds transfer on or before the 10th day of each month during the Operating Term	We have the right to increase the Brand Development and/or Promotions Fee up to 3% if it is approved by the Franchisee Advisory Council ("FAC"), should an FAC be formed. If no FAC is established and active, we may increase the Brand Development and/or Promotions Fee up to 3% with ninety (90) days' notice to you.
Cooperative Advertising[(4)]	As determined by us	As determined by us	We may determine the amount of contribution if an advertising cooperative is established and active. Your contributions to cooperative advertising promotional programs will be credited toward your Individual Advertising Expense, up to a maximum of 3% of your Gross Revenues. All operators in the area of the cooperative will participate in the fund in proportion to its sales during the preceeding twelve (12) month period.
Initial Training for Additional Persons †	$100 per day per person in excess of 2 people plus the cost of travel, lodging, meals and personal expenses	Payable prior to the beginning of the Initial Training Program and as incurred	If you want additional people to attend the initial training program, we will charge a training fee of $100 per day per person. You will need to pay for airfare, lodging, ground transportation, meals, salary and benefits, and other personal expenses for each person attending the initial and any recurring or additional training program. Training fees can be increased or decreased by us at any time.
Additional Assistance †	$150 per hour with a minimum of 4 hours ($600) plus travel expenses, lodging and meals if on-site assistance is required	50% at time of scheduling; expenses billed separately and remaining due upon arrival	We may require you to receive additional assistance if you are not meeting our requirements or if we determine that it is necessary for us to provide additional assistance to keep your location up to our standards.

Type of Fee	Amount	Due Date	Remarks
Advanced Training Program†	Per Brand Manual, between $20 and $40 per person who receives the training	As required	Advance training programs may be offered based on your needs and requirements. Such programs may include Red Cross sponsored pet emergency medical training, practical applications and pet wellness.
Franchise Agreement Transfer Fee†	$10,000, plus our actual costs and expenses in evaluating the transfer request	At time of transfer	Payable when you transfer your Franchise to a person or entity approved by us. You are also responsible for paying our costs and expenses in evaluating the transfer request.
Proposed Product or Supplier Approval Fee	Any costs incurred by us in evaluating a product or supplier that you have proposed	As incurred	We will approve or disapprove of your proposed product or supplier within 30 days from the date we receive your request.
Kennel Operations Software Support Contract	$2,700	Yearly	You must pay a fee to the software vendor we designate. You may pay on a monthly basis based on our vendors terms, however, the monthly fee may be more than on an annual basis.
Audit†	Cost of Audit	Immediately upon completion of audit	The cost of a standard audit is split equally between you and us; however, if an audit discloses an understatement in any report of 2% or more of Gross Revenues, you must pay us for all cost and expenses connected with the audit.
Insurance(5)	An annual premium of approximately $12,000 - $20,000, plus administrative fee of 15% of cost of insurance	As Incurred	We have the right to acquire insurance on your behalf if you fail to do so and charge you an administrative fee.
Indemnification†	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your All American Pet Resorts® Business.
Cost of Enforcement or Defense†	All costs including accounting and attorney's fees	Upon settlement or conclusion of claim or action	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Interest†	The lesser of 1.5% per month or the highest legal rate permitted by applicable law	Monthly	Begins to accrue after any payments are due and unpaid.
Late Report Fee†	$100 per violation, per day	As incurred	Payable only if a required report or financial statement is not delivered when due. Revenue Reports are due the first business day of a new month for the previous month's business, unless that day falls on a Saturday or Sunday in which case the report is due on the first Monday of the new month.

Type of Fee	Amount	Due Date	Remarks
Technology Maintenance Expense†	The then-current cost of purchasing required hardware and software upgrades. The estimated range of cost is $10,000 - $20,000. The estimate cost of annual maintenance is $1,000	At time of upgrade	We impose no cap or limitation on the amount of expense you may incur for hardware and software upgrades.
Seminars, Conventions or Programs†	The estimated range of cost is $500-$2,500 per person, which does not include the cost of travel, lodging, meals and personal expenses for each person to attend, plus materials estimated at $250	As incurred	You must attend our annual franchise convention. We may conduct other mandatory meetings of all Franchisees. You must pay your expenses, as well as the expenses your Designated Business Manager and employees incur in attending these meetings.
Additional Computer Training†	Will vary based on length and type of course and whether any additional computer training is necessary. The estimated range of cost is $500 to $2,000	Prior to training	You must take a computer training class at a local computer school if we determine that you do not have sufficient skills to operate your computer, understand how to use the software, and access e-mail and the Internet. Additional computer training beyond the required computer training class is $150 per hour with a 2 hour minimum.
Management Fee†(6)	7% of Gross Revenues, plus Incentive Fee of 10% of profits or $5,000 per month plus expenses, whichever is greater	As incurred	If you request or we are required to send a representative to your Pet Resort to operate your All American Pet Resorts® Business when you are unable to do so.

† Denotes fees which are imposed and payable to our Affiliate or us. All fees paid to us or our Affiliate are uniformly imposed and are non-refundable under any circumstances. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer as direct debits from your business bank operating account as described in the Franchise Agreement. Under this procedure, you must authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees, interest and/or other amounts payable to us. You must make the funds available to us for withdrawal by electronic transfer no later than the payment due date.

Notes:

(1) Royalty Fee and Gross Revenue. "**Gross Revenues**" means the total of all receipts derived from (i) all sales of products and services at your All American Pet Resorts® Business, (ii) labor, (iii) insurance claims for lost profits to the extent a claim is paid by the insurer, and (iv) all other products and services sold or performed by or for you or your All American Pet Resorts® Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by the Franchisee to the appropriate governmental authority; and all customer refunds, approved and valid discounts and coupons, and credits made by the All American Pet Resorts® Business (exclusions

will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts). Royalty Fees do not accrue during the first 90 days of the Operating Term.

(2) Individual Advertising Expense. After the Start-Up Advertising Period expires and during the remaining Term of the Franchise Agreement, your required Individual Advertising Expense is equal to a minimum of 1% of your Gross Revenues for the preceding month or $1,000, whichever is greater, per month for advertising and promotion within the Territory.

(3) Brand Development and Promotions Fee. The Brand Development and Promotions Fee is 2% of Gross Revenue. We may increase the National Marketing and Promotion up to a maximum of 3% of Gross Revenue upon 30 days' notice, with the approval of the Franchisee Advisory Council, should a FAC be formed. In the absence of a FAC, we will provide you with ninety (90) days' written notice before increasing the Brand Development and Promotions Fee. You are not required to pay the Brand Development and Promotions Fee during the first 90 days of the Operating Term.

(4) Cooperative Advertising. We may require you to participate in and contribute your share to such cooperative advertising and promotional programs in your Advertising Coverage Area. If we establish a cooperative advertising and promotional program in your Advertising Coverage Area, the cost of the program will be allocated among All American Pet Resorts® businesses in the Advertising Coverage Area and each outlet's share (including company- or affiliate-owned outlets) will be in proportion to its sales during the preceding 12-month period, or portion of such period. The voting power of Company- or Affiliate-owned outlets within a cooperative is equal to that of any franchisee-operated outlets. We do not currently have any Cooperative Advertising programs in place.

(5) Insurance. If you fail to procure and maintain the required insurance coverage, we have the right and authority to procure the insurance coverage and charge you, which charges, together with a reasonable fee for our expenses incurred in this procurement, not to exceed 15% of the cost of the insurance coverage. You will pay this amount immediately upon notice.

(6) Management Fee. If you request or if certain events that would entitle us to terminate the Franchise Agreement occur, we may, but are not obligated to, provide management services to assist you to operate your All American Pet Resorts® Business for such period of time as the reason for our managing the All American Pet Resorts® Business lasts or until we decide to terminate our management of the All American Pet Resorts® Business, whichever occurs first. If we provide management services, you must pay our out-of-pocket expenses of providing management services plus a management fee equal to 7% of the Gross Revenues of your All American Pet Resorts Business and an incentive fee of 10% of the cash flow after payment of all expenses of operation of your All American Pet Resorts® Business, including our out-of-pocket expenses and management fee, or $5,000 per month plus expenses, whichever is greater.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount (Low – High)	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[2]	$45,000 - $50,000	Lump Sum	As described in Note (2)	Us
Site Selection Assistance Fee[3]	$0 - $4,000	As incurred	When in-person site selection assistance is requested	Us
Other pre-opening assistance[4]	$0 - $1,000	As incurred	When you request assistance from us	Us

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure[1]	**Amount (Low – High)**	**Method of Payment**	**When Due**	**To Whom Payment is Made**
Travel and living expenses while training[5]	$1,000 - $5,000	As incurred	As incurred during training	Airlines, hotels, restaurants
Real Estate Leasing[6]	$3,000 - $10,000	As negotiated	Monthly or according to lease terms	Us or an affiliate, if we or an affiliate own the Pet Resort, otherwise, as per terms of the lease.
Leasehold Improvements[7]	$450,000-$1,200,000	As agreed	Varied times	Building contractor
Furniture, Fixtures, Equipment[8]	$3,000 - $10,000	As agreed	Varied times	Suppliers, vendors
Signage[9]	$5,000 - $20,000	As billed	Terms of supplier	Supplier
Computer hardware, software and cameras[10]	$15,000 - $30,000	Lump sum	At delivery	Suppliers, vendors
Utility Deposits & Licenses[11]	$7,000 - $10,000	Lump Sum Negotiable	Negotiable/ As Incurred	Landlord/Utilities/ Local Government Agencies
Legal, Architectural and Accounting Fees[12]	$25,000 - $40,000	As incurred	As Invoiced	Attorneys & Accountants
Inventory and Supplies[13]	$1,000 - $3,000	Prior to opening and as needed	At delivery	Suppliers
Insurance[14]	$12,000 - $18,000	As billed	As billed	Provider
Start-Up Advertising Expense[15]	$15,000 - $45,000	As incurred	Varied times	Vendors
Additional funds for first 3 months[16]	$50,000 - $100,000	As agreed	As incurred	Vendors or third parties
TOTAL[17]	$632,000-$1,546,000			

Notes:

(1) Expenditures. All fees imposed by us are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them.

(2) Initial Franchise Fee. The Initial Franchisee Fee is $50,000 for your first franchise and is due when you sign the Franchise Agreement. The Initial Franchisee Fee for your second and any additional franchise is described in Item 5. The $45,000 figure represents the 10% veteran's discount as described in Item 5. The Initial Franchise Fee is non-refundable. The Initial Franchise Fee is non-refundable unless we terminate the Agreement because of any of the following: (i) you cannot, after diligent effort, obtain an Approved Location within 12 months after you sign the Franchise Agreement; (ii) you cannot, after diligent pursuit, obtain the applicable licenses required by the state and local government applicable to your Territory to operate an All American Pet Resorts® Business; or, (iii) you failed to complete the training program to our satisfaction. We will notify you in writing if we exercise our right to terminate the Franchise Agreement for any of these reasons, and we will refund 50% of the Initial Franchise Fee to you within 30 days after our notice to you, less any costs or expenses we incur in connection with your All American Pet Resorts® Business.

(3) Site Selection Assistance Fee. We will send a representative into your Territory to assist you in the site selection process for the Pet Resort or to obtain any necessary zoning or building permit approval on 3 separate occasions without charging you a fee. If you request additional site selection assistance we have the right to charge you a Site Selection Assistance Fee. The Site Selection Assistance Fee will vary

depending on the assistance you request and the amount of time our representative spends at your Pet Resort. You also will be responsible for paying all living expenses and travel expenses for our representative to travel to your site and provide you with this additional site selection assistance. The high end of the estimate in the table above was calculated assuming that our representatives spend 5 days on-site assisting with site selection. Your actual cost will vary depending on travel costs and other factors.

(4) Other Pre-Opening Assistance. If you request additional on-site, pre-opening assistance beyond what is provided by us, you can request that we send a representative to provide further assistance to you. Additional assistance may include analysis, zoning presentations or other activities not included in the Initial Franchise Fee. For example, upon your request, we will analyze a location by examining population density, census data, and proximity of the proposed location to other All American Pet Resorts® Businesses, or any other criteria noted in the Franchise Agreement. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. Our current published rate for additional assistance is $150 per hour, with a minimum of $600, plus the cost of travel and room and board, but we reserve the right to adjust that rate periodically in our Brand Manual. The high end of the estimate in the table above was calculated assuming that our representatives spend approximately 4 to 5 hours assisting you, plus the cost of travel and room and board.

(5) Travel and Living Expenses While Training. We provide training in part at a location designated by us and in part at your Pet Resort. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees. You must spend 5 days at an existing All American Pet Resorts® Business working at the Business. You or your designated representative must also spend 1 day at an existing All American Pet Resorts® Business in order to further understand the design and architectural specifications and the implications of those specifications in the development of your All American Pet Resorts® Business. Following the initial training, you or your designated representative will be required to work at an existing All American Pet Resorts® for at least 5 days that incorporate at least 2 shifts. You are responsible for paying all costs and expenses associated with these onsite visits.

(6) Real Estate Leasing. These amounts may also include a security deposit equal to one month's rent. The actual amount of your real estate leasing expenses will vary depending on local landlord practices and other factors. In certain circumstances, we or an affiliate may own the facility used by your All American Pet Resorts® Business and lease it to you.

(7) Leasehold Improvements. You will need to make certain improvements to your premises to accommodate your All American Pet Resorts® Business or to comply with our standards and specifications. We estimate that the cost of leasehold improvements for a 100 suite All American Pet Resorts® Business is approximately $10,000-$15,000 per suite. Generally, an All American Pet Resorts® Business has 80-100 suites, but in certain instances, we may approve an All American Pet Resorts® Business with fewer than 80 suites. The lower estimate in the table above reflects an All American Pet Resorts® Business with 50 suites. The higher estimate in the table above reflects an All American Pet Resorts® Business with greater than 100 suites and numerous amenities. The cost of leasehold improvements will vary, however, based upon size, condition and location of the premises, local wage rates and material costs. This estimate is based on leasing a building. It does not include the costs to purchase a building. A building suitable for an All American Pet Resorts® Business that could services 100 dogs requires approximately 6,500 square feet and located on at least .75 acre of land.

(8) Furniture, Fixtures, Equipment. You will be required to purchase or lease office furniture and any equipment necessary for providing the services offered by All American Pet Resorts® Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.

(9) Signage. These amounts are estimates of your costs for exterior signs as allowed by local ordinance. The cost of signs may vary significantly depending on the location your All American Pet Resorts® Business and local ordinance/zoning restrictions.

(10) Computer Hardware, Software, and Cameras. The estimated initial investment includes costs related to the purchase of specified computer hardware, software, printer, and web-based cameras. We require you to provide us with electronic access to certain daily information and access to all cameras 24 hours per day, 365 days per year. You will be required to use Software designated by us (See Item 8). The annual fee paid to our designated supplier for the Kennel Operations Software is $2,700. You will also pay a set-up fee of $350 for the Kennel Operations Software.

(11) Utility Deposits /Licenses. These amounts include estimated utility deposits. The actual amount of these deposits will vary depending on local practices and other factors. These amounts also include the estimated cost of obtaining licenses or permits to operate a pet care and boarding Pet Resorts. Other permit and license fees will also vary depending on location and on whether applicable laws require the payment of occupational or other taxes for pet care, boarding and daycare facilities. Franchise taxes are not included.

(12) Legal Architectural and Accounting Fees. You will need to employ an attorney, architect, accountant and other consultants to assist you in establishing your All American Pet Resorts® Business. These fees may vary from location to location depending upon the prevailing rate of attorneys', architects', accountants' and consultants' fees.

(13) Inventory and Supplies. Your initial inventory and supplies will typically include pet food, cleaning and janitorial supplies, food and water bowls, pet bedding, laundry supplies, uniforms, grooming supplies, temporary leashes, office supplies and two-way radios. We may change the inventory and supplies you are required to purchase at any time.

(14) Insurance. You must procure and maintain, at your own expense, insurance policies protecting you, us, our designated Affiliates and each of our officers, directors and employees against any loss, liability, personal injury, death, property damage, business interruption or expense resulting from the operation of your All American Pet Resorts® Business and all services you provide in connection with the operation of your All American Pet Resorts® Business as we may require for your and our protection in amounts noted in the Brand Manual and Franchise Agreement (which may be adjusted periodically). You must also procure and maintain all other insurance required by state or federal law, including workers compensation insurance and unemployment insurance. The policies must also stipulate that we must receive a 30-day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against us. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to us, including original endorsements affecting the coverage required by us must be furnished to us together with proof of payment within 10 days of issuance. You must also furnish us with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually; and, (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to our approval. Your cost of insurance may vary based on the location of your All American Pet Resorts® Business, value of your leasehold improvements, amount of inventory, number of employees and other factors.

(15) Start-Up Advertising Expense. For the first 3 months after you satisfactorily complete the initial training program, you must spend a total of at least $15,000 on promotional advertising within the Territory. However, you may choose to spend more on promotional advertising to promote and advertise the opening of your All American Pet Resorts® Business.

(16) Additional Funds for First 3 Months. This amount includes estimated operating expenses you should expect to incur during the first 90 days of operations, not including any revenue generated by your All American Pet Resorts® Business. It includes your start-up advertising expenses (of at least $15,000), payroll costs, deposits, fees for city, state and local business licenses, business entity organization expenses, other prepaid expenses, accounting and professional fees, and other operational expenses. These figures do not include any taxes that you may pay or Royalty Fees. You should check with your local and state governmental agencies for any taxes that may be assessed. We expect that most new franchisees will not

hire employees during the initial period because most franchisees will also be the operators of their All American Pet Resorts® Businesses.

(17) Total Estimated Initial Investment. These figures are estimates only and are based on our estimate of nationwide costs and market conditions prevailing as of the date of this Disclosure Document. We have relied on over 31 years of experience in the pet care industry to compile these estimates. You must bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business advisor before making any decision to purchase an All American Pet Resorts® Business. Many factors that are unique to your location can make a dramatic difference in the estimates provided. You may incur additional expenses starting your All American Pet Resorts® Business. Your costs depend on several factors, including how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and sales levels reached by your All American Pet Resorts® Business during the initial period. The availability and terms of financing 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

You must establish and operate your All American Pet Resorts® Business in compliance with your Franchise Agreement and the standards and specifications contained in the All American Pet Resorts® confidential Brand Manual ("**Brand Manual**"), which is a collective term for the multiple publications we may provide you relating to the operation of the All American Pet Resorts® Business and the operation of franchises, and an All American Pet Resorts® Architectural Specification Document that we will loan to you.

We have established standards and specifications for your Pet Resort, equipment, uniforms, supplies, forms, Products, Services, advertising materials and most other services and products used in, sold or provided through your All American Pet Resorts® Business. The services include providing professional pet boarding, daycare and grooming services ("**Services**"). The products include products related to the Services, including branded kennels, sanitation, janitorial supplies and equipment, scoopers, hoses, pet food, bowls, leashes and collars, grooming tables and supplies, bedding, storage bins and similar items ("**Products**"). We reserve the right to require that you sell additional or different Services and Products in your All American Pet Resorts® Business on 30 days prior written notice to you. There is no limit on the amount of additional expense you may incur in connection with such Services and Products. You must provide the Services and sell the Products using our specifications and standards. We reserve the right to change our standards and specifications with 30 days prior written notice to you.

In order to maintain our standards of consistent, high quality Products, customer recognition, advertising support, value and uniformity in all All American Pet Resorts® Businesses, you must purchase all of your required equipment, supplies, fixtures, inventory, goods, services and Products used in or sold through your All American Pet Resorts® Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. As of the date of this Disclosure Document neither we nor our affiliates are an approved supplier, but we reserve the right to become an approved supplier at any time. As of the date of this Disclosure Document none of our officers own an interest in any approved

supplier. Upon request, we may provide specifications or standards to you; however, you may not purchase any product, material or supply from any non-approved or non-designated supplier, even if such product, material or supply complies with our standards and specifications. If you want us to approve any product, material or supply you want to sell or offer, or purchase any products from a supplier not currently approved, you must notify us and you must submit samples and other information to us so that we can make an informed decision as to whether your proposed product or supplier satisfies our standards. We may require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered to us or another company for testing. We will approve or disapprove of your proposed product or supplier within 60 days from the date we receive your request. You will be charged for any costs incurred in evaluating a product or supplier. We may re-inspect the facilities and retest the products of any such approved supplier periodically and may revoke our approval if the supplier fails to continuously meet the above criteria. It is a material breach of your Franchise Agreement if you buy Products, equipment, supplies, fixtures, inventory, goods or services from anyone other than our approved suppliers without our prior written approval.

We estimate that the purchase of these supplies, equipment, inventory, fixtures, goods, services and Products from us or our designated or approved sources, or those meeting our standards and specifications, will be approximately 25% to 50% of your total cost to establish an All American Pet Resorts® Business and 25% to 50% of your total cost of operating an All American Pet Resorts® Business (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment or fixtures).

In our last fiscal year ending December 31, 2018, neither we nor our Affiliate collected any revenue, rebates or other consideration directly from a franchisee or from a supplier or distributor based upon franchisee required purchases or leases, but we reserve the right to derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and Products from us, our Affiliate or our approved or designated suppliers and distributors in the future. For example, we or our Affiliate may collect revenue, rebates or other consideration by charging you more than the cost of the product or service or by receiving a rebate from a supplier or distributor that is based on the amount of products or services you purchase.

In certain circumstances we, or an Affiliate, may own the Pet Resorts used by your All American Pet Resorts® Business and lease it to you. We will rent the Pet Resorts to you for an amount comparable to that charged for similarly situated facilities in your geographic area.

You must use the proprietary computer programs and related materials developed for use in the operation of the All American Pet Resorts® Business, including without limitation Kennel Operations Software and the use of QuickBooks, that we designate ("**Software**"). We require that you pay any license and support fees for the Software (See Item 6). You will also pay a set-up fee for the use of the Software (See Item 7). The purchase of the Software license may include technical support. You may use the Software on the computer equipment and hardware of your choice, so long as it meets specifications to run the required software ("**Computer Equipment**").

You must procure and maintain, at your own expense, insurance policies protecting you, us, our designated Affiliates and each of our officers, directors and employees against any loss, liability, personal injury, death, property damage, business interruption or expense resulting from the operation of your All American Pet Resorts® Business and all services you provide in connection with the operation of your All American Pet Resorts® Business as we may require for your and our protection in amounts noted in the Brand Manual and Franchise Agreement (which may be adjusted periodically). You must also procure and maintain all other insurance required by state or federal law, including workers compensation insurance and unemployment insurance. Your cost of insurance may vary based on the location of your All American Pet Resorts® Business, value of your leasehold improvements, amount of inventory, number of employees and other factors.

We do not have any purchasing or distribution co-operatives as of the date of this Disclosure Document. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 8 &9	ITEM 11
b.	Pre-opening purchases/leases	Sections 9 and 10	ITEM 8 & ITEM 11
c.	Site development and other pre-opening requirements	Section 8	ITEM 5, ITEM 6, ITEM 7 & ITEM 11
d.	Initial and ongoing training	Sections 8 and 9	ITEM 11
e.	Opening	Section 9 and 15	ITEM 7, ITEM 11
f.	Fees	Sections 6, 7 and 12	ITEM 5 & ITEM 6
g.	Compliance with standards and policies / operating manual	Section 9	ITEM 11
h.	Trademarks and proprietary information	Section 11	ITEM 13 & ITEM 14
i.	Restrictions on products/services offered	Sections 9 and 10	ITEM 8 & ITEM 16
j.	Warranty and customer service requirements	Section 9	ITEM 11
k.	Territorial development and sales quotas	Not Applicable	ITEM 12
l.	Ongoing product/service purchases	Sections 9 and 10	ITEM 16
m.	Maintenance, appearance and remodeling requirements	Sections 3 and 9	ITEM 7
n.	Insurance	Section 13	ITEM 6, ITEM 7, ITEM 8 & ITEM 11

	Obligation	Section in Franchise Agreement	Disclosure Document Item
o.	Advertising	Section 12	ITEM 11
p.	Indemnification	Section 13	ITEM 6
q.	Owners participation/Management/Staffing	Sections 8 and 9	ITEM 1, ITEM 11 & ITEM 15
r.	Records and reports	Section 7	ITEM 6 & ITEM 17
s.	Inspections and audits	Sections 7	ITEM 6
t.	Transfer	Section 16	ITEM 17
u.	Renewal	Section 4	ITEM 17
v.	Post-termination obligations	Sections 11, 15, and 18	ITEM 17
w.	Non-competition covenants	Section 15	ITEM 17
x.	Dispute resolution	Section 20	ITEM 17
y.	Other	Not Applicable	Not Applicable

ITEM 10
FINANCING

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

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

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

Pre-opening Obligations

Before you open your All American Pet Resorts® Business, we (or our designee) will provide the following assistance and services to you.

1. Approve the site for your All American Pet Resorts® Business. We do not own or lease the Pet Resort for your All American Pet Resorts® Business to you. Upon request, we will assist you in selecting the site. We will analyze a location by examining population density, census data, and proximity of the proposed location to other All American Pet Resorts® Businesses, or any other criteria noted in the Franchise Agreement. The Pet Resort site is subject to our approval, which may be granted or denied as we determine appropriate. We will approve or reject sites within 10 days after you have submitted all information necessary to determine if the location is appropriate. If we cannot agree on a proposed site, Franchisor may elect to terminate this Agreement. Notwithstanding anything herein to the contrary, Franchisor may extend the time periods set forth in the Franchise Agreement (Sections 8.4 and 9.2(b) of the Franchise Agreement).

2. Assist you with prototype plans and specifications for the Pet Resort as well as recommendations for initial and replacement equipment, tools, inventory and supplies required for the operation of your All American Pet Resorts® Business (Sections 8.3(b) and 10 of the

Franchise Agreement). During the design phase and development of your All American Pet Resorts® Business you or your designated representative will be required to spend at least 1 working day at your expense at an existing All American Pet Resorts® Business in order to further understand the architectural specifications and the implications of those specifications in the development of your All American Pet Resorts® Business.

3. Designate your Territory (Sections 5 and 8.3(a) of the Franchise Agreement and Attachment A to the Franchise Agreement).

4. Prior to your Opening Date, we will conduct a 10-day training course for you, or if you are not an individual, your Designated Business Manager and 1 additional person. The training is conducted in phases and will be held at a location we designate. Following the initial training, you or your designated representative will be required to work at an existing All American Pet Resorts® for at least 5 days that incorporate at least 2 times in all shifts. Other training will be added as services mature and as market demands. You must pay for airfare, lodging, meals, ground transportation, salaries and benefits, and any other travel expenses for yourself and any additional attendees that are incurred during this time. (Section 8.3(d) of the Franchise Agreement).

5. Loan one copy of our confidential and proprietary Brand Manual to you at the time of execution of the Franchise Agreement. The Brand Manual consists of 1 or more manuals, technical bulletins or other written materials. We may modify the Brand Manual periodically as we determine appropriate. The Brand Manual may be in an electronic format. We reserve the right to require you to use an electronic version of the Brand Manual and to require you to access the document using the Internet or an intranet created and supported by us. The Brand Manual contains approximately 265 pages that summarize operational procedures for kennel staff and common issues involved with managing and operating a franchised business. The table of contents for the Brand Manual can be found in Exhibit I to this Disclosure Document.

6. Assist you in developing a promotional public relations advertising plan for the Start-Up Advertising Period (Below and Section 12.1 of the Franchise Agreement.)

7. Provide you with an initial inventory of approved letterhead, business cards, brochures, contracts and other start up materials, at no charge, which we will deliver to you. If you want additional copies, you must pay duplication costs (Section 8.3(f) of the Franchise Agreement). Only approved items may be used at your Pet Resort and may not be modified by you or your representatives without written approval from All American Pet Resorts®. You must purchase all other supplies.

8. If we determine it to be necessary, we will provide on-site pre-opening and grand opening assistance during the first 3 months of operations of your All American Pet Resorts® Business. We may charge you a reasonable fee for such services (Section 8.3(g) of the Franchise Agreement).

Schedule for Opening

We estimate that the typical length of time between signing the Franchise Agreement and opening your All American Pet Resorts® Business will be 12 to 18 months. Some factors which may affect this timing are your ability to acquire a desired site through lease negotiations or land acquisition, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory and the time to convert, renovate or build the boarding, daycare and grooming Pet Resort. The Franchise Agreement governing your All American Pet Resorts® Business will be effective and binding when signed by us and you and will continue through the Operating Term. The Operating Term will begin on the day you obtain the Certificate of Occupancy for your All American Pet Resorts® Business and will continue for a period of 10 years (the "**Operating Term**").

You must comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must apply for all required licenses and permits in sufficient time to open your All American Pet Resorts® Business. Specifically, we will have the option to terminate the Franchise Agreement and retain your Initial Franchise Fee if you have not: (a) obtained our approval for a location for your All American Pet Resorts® Business within 12-months of executing the Franchise Agreement or (b) received all required licenses and permits suitable to begin construction or renovation within 12 months of executing the Franchise Agreement after diligent pursuit. However, if you have diligently pursued such licenses and permits, we will refund 50% of your Initial Franchise Fee, less any costs or expenses we incur in connection with your All American Pet Resorts® Business.

You may not open your All American Pet Resorts® Business, and the Operating Term will not commence, until: (1) we notify you in writing that all of your obligations have been fulfilled; (2) initial training is completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (6) you have received all required permits and licenses; (7) you have provided us with a fully signed copy of the Lease for your Pet Resort negotiated per the terms of the Franchise Agreement; and (8) you have ordered, received and installed your equipment, supplies, inventory, tools, products, uniforms and computer equipment and software required by us. You must begin operating your All American Pet Resorts® Business immediately after we determine that your All American Pet Resorts® Business is ready for opening.

Continuing Obligations

During the term of the Franchise Agreement, we (or our designee) will:

1. Inform you of mandatory specifications, standards and procedures for the operations of your All American Pet Resorts® Business (Section 9 of the Franchise Agreement). There are no additional charges for these services.

2. Make a representative reasonably available to speak with you on the telephone during regular business hours to discuss your operational experiences and support needs (Section 8.5 (a) of the Franchise Agreement). There are no additional charges for these services.

3. Research new Products, Services and training methods and provide you with information concerning developments of this research (Section 8.5(d) of the Franchise Agreement). There are no additional charges for these services.

4. Maintain the National Marketing and Promotions Fund and use these funds to develop promotional and advertising materials and programs for All American Pet Resorts® Businesses (Section 8.5(e) of the Franchise Agreement). There are no additional charges for these services.

5. Assist you in developing a promotional advertising plan and provide advertising materials to you in the form of a graphics arts package, which is included in your Brand Manual (Section 8.5(g) of the Franchise Agreement). There are no additional charges for these services.

6. Our representative may provide additional assistance if we determine it is necessary, including visits to your All American Pet Resorts® Business (Section 8.5(g) of the Franchise Agreement). There may be additional charges for these services ($150 an hour, 4-hour minimum), along with travel expenses, lodging and meals. If we provide additional assistance, we must agree in advance on the charges you will pay and the length of the visit.

7. Hold periodic conferences to discuss branding, sales techniques, new product developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. You must attend these meetings and pay any attendance fee, including $500 to $2,500 per person and an estimated $250 in materials, and all of your travel and living expenses and expenses for any of your personnel to attend. These conferences are held at a location we chose (Section 8.5(b) of the Franchise Agreement).

8. We may provide you with a quarterly newsletter (Section 8.5(h) of the Franchise Agreement).

9. We may provide management services to assist you in the operation of your All American Pet Resorts® Business if you are unable to do so because of your or your Designated Business Manager's death or disability or under certain circumstances where you or your Designated Business Manager are unable to devote your full time and attention to the American Pet Resorts® Business (Section 8.7 of the Franchise Agreement).

We reserve the right to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to an Area Director with regional responsibility over the geographic area in which you operate your All American Pet Resorts® Business. Except as listed above, we do not provide any additional assistance to you.

Advertising Programs

Start-up Advertising and Individual Advertising Expense

For the first 3 months after you satisfactorily complete the initial training program, you must spend a total of at least $15,000 on promotional advertising within the Territory ("**Start-Up Advertising Period**"). After the Start-Up Advertising Period and during the remaining Operating Term of the Franchise Agreement, you must spend a minimum of 1% of your Gross Revenues for the preceding month or $1,000, whichever is greater, per month ("**Individual Advertising Expense**") for advertising and promotion within the Territory. We will assist you in developing an advertising plan for both the Start-Up Advertising Period and thereafter. You may not advertise outside your Territory without our approval (Section 12.1 of the Franchise Agreement).

Brand Development Fund

In addition to your Individual Accounting Expenses, beginning with the fourth month of the Operating Term you must pay us a brand development fee ("**Brand Development Fee**") of 2% of your monthly Gross Revenues. The Brand Development Fee is paid at the same time that you pay your Royalty. We may increase the Brand Development Fees to up to 3% of your monthly Gross Revenues. We will provide ninety (90) days advance notice before increasing the Brand Development Fee. We will deposit the Brand Development Fee in a separate bank account, commercial account or savings account ("**Brand Development Fund**"). We will administer the Brand Development Fund, as we determine appropriate, and we may use a professional advertising agency or media buyer to assist us. Your contribution to the Brand Development Fund will be in addition to all other advertising fees set out in this ITEM 11 (Section 12.4 of the Franchise Agreement). During the fiscal year ended December 31, 2018, a total of $88,642.34 was collected in the Brand Development Fund and spent as follows: 81% was used for search engine optimization and social media, 5% was spent on administrative expenses, 4% was spent on website management, 1% was spent on other activities and 9% was carried over to 2019. No advertising expenditures from the Brand Development Fund were devoted principally to the sale of new franchises. This fund is unaudited, and we will make available to you once a year, upon request by telephone or written correspondence, an unaudited annual accounting for the Brand Development Fund that shows how the fund proceeds have been raised and spent for the previous year within 120 days after our fiscal year end.

In the event that we choose to establish a franchisee advisory council (the "**FAC**"), we will establish, consult with and seek the advice of the FAC regarding the administration of the Brand Development Fund, changes in the National Marketing Fee and the format for marketing and promotional campaigns conducted by the Brand Development Fund or directly by franchisees. While we are not obligated to follow the FAC's advice, we will not increase the National Marketing Fee without the approval of the FAC if a FAC is established and active. The FAC will be composed of members of our senior management and Franchisee representatives. We intend that the Franchisee representatives will be elected by the Franchisees; however, until there are a sufficient number of franchisees in the System, we may appoint the Franchisee representatives to the FAC. We must approve the number of meetings to be held by the FAC and the procedures under which the FAC will operate (Section 12.4(f) of the Franchise Agreement).

We may reimburse ourselves, our authorized representatives or our Affiliates from the Brand Development Fund for administrative costs; independent audits; reasonable accounting,

bookkeeping, reporting and legal expenses; taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Development Fund. We assume no other direct or indirect liability or obligation to collect amounts due to the Brand Development Fund or to maintain, direct or administer the Brand Development Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Development Fund on any terms we deem reasonable.

We may use the Brand Development Fund for the creation, production and placement of commercial advertising, including Internet advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; supporting public relations; market research; and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, radio or television, and the Internet. We do not guarantee that advertising expenditures from the Brand Development Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

We will not use Brand Development Fund monies to solicit franchisees unless such advertising is agreed upon with the participating Franchisees and Franchisor pays the appropriate portion of the advertisement. In all instances the phrase "Franchises Available" will be included in all Franchisor participation. Neither our Affiliate nor we receive payments for providing goods or services to the Brand Development Fund, except for reimbursement of expenses as described above.

You must order sales and marketing materials from our designated supplier. It is a material breach of the Franchise Agreement to use other marketing materials without prior written approval. If you desire to use your own advertising materials you must obtain our prior approval. We will review your request, and we will respond in writing within 48 hours from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. All advertising must include the phrase "Franchises Available." Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your All American Pet Resorts® Business, those items or services must be included in your Gross Revenues and will be subject to Royalties, Individual Advertising Expense and the National Marketing Fee.

We retain the right to market on the Internet, including all use of websites, social media platforms, domain names, URL's, linking, advertising, and co-branding arrangements. You may not independently market on the Internet or through social media platforms, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks, without our prior written approval. We intend that any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

Cooperative Advertising

From time to time we may designate a local, regional or national advertising coverage area in which your All American Pet Resorts® Business and at least 1 other All American Pet Resorts® Business is located for purposes of developing a cooperative local, regional or national advertising or promotional program ("**Advertising Coverage Area**"). You must participate in and contribute your share to such cooperative advertising and promotional programs in your Advertising Coverage Area. The cost of the program will be allocated among All American Pet Resorts® businesses in the Advertising Coverage Area and each outlet's share (including company- or affiliate-owned outlets) will be in proportion to its sales during the preceding 12month period, or portion of such period. Your contributions to cooperative advertising promotional programs will be credited toward your Individual Advertising Expense, up to a maximum of 3% of your Gross Revenues. The Advertising Coverage Area will consist of the area covered by the particular advertising medium (television, radio or other medium) as recognized in the advertising industry.

We may establish regional advertising councils ("**Council(s)**") to administer the cooperative advertising program, which will be comprised of us, franchisees in the Advertising Coverage Area, and company-owned or affiliate-owned All American Pet Resorts® Businesses. At the time a program is designated, we will submit a list to you of all operating All American Pet Resorts® Businesses (including company-owned and affiliate-owned outlets) within your Advertising Coverage Area. We will determine in advance how each Council will be organized and governed, who will administer it, and when it must start operation. If a Council has been established for an Advertising Coverage Area where your All American Pet Resorts® Business is located when the Franchise Agreement is signed, or if any Council is established during the term of the Franchise Agreement, you must become a member of the Council and abide by the rules of the Council. We reserve the right to form, change, dissolve or merge any Council.

If we have established a Council for your Advertising Coverage Area, you must contribute to the Council the amounts required by its written governing documents. All contributions to the Council will be maintained and administered in accordance with the written documents governing the Council. If there are company-owned and affiliate-owned outlets in your Advertising Coverage Area offering products and services similar to the All American Pet Resorts® Business, they will make contributions to the Council equal to the contributions required of the All American Pet Resorts® Businesses within that area. The Council will be operated solely as a conduit for collecting and spending cooperative fees for the purposes outlined above. The Council may not use any advertising or promotional plans or materials without our prior approval.

The members of the Council, subject to our approval, will determine the amount of contribution, and whether other franchisees must contribute the same amount or at the same rate. We anticipate that each member will have one vote for each All American Pet Resorts® Business operated by the member within the Advertising Coverage Area subject to the Council. You will be obligated by the Franchise Agreement to pay any increased contributions even if you vote against the increase. Each Council will have to prepare an annual financial statement reporting its expenditures for the previous year to its members. If a Council is established, we will provide you with a copy of the governing documents and its financial statements.

We have not created any Council as of the date of this Franchise Disclosure Document.

Software, Computer, Printer and Camera Equipment

You must use the computer software required by us on the hardware of your choice, as long as that hardware meets our specifications. Currently, you are required to purchase a desktop personal computer ("**Hardware**") that runs on the Windows operating system. Your computer must also have Kennel Operations Software, QuickBooks, Microsoft Excel and Microsoft Office Professional (collectively, the "**Software**") and be web-based with access to the Internet. You also must purchase a printer that includes faxing and scanning capabilities and web-based cameras that fit our standards and specifications. The Hardware, Software, printer, and web-based cameras are referred to as the "**Computer System**," which costs between $15,000 and $30,000. You must update your Computer System, at your expense, as we may require from time to time to meet our specifications as they evolve. Upgrades, in some cases, may only be available through our suppliers. You are responsible for ongoing maintenance, repairs, upgrades or updates for your Computer System. The annual cost of optional or required maintenance, updating, upgrading or support contracts is approximately $500.

You will be provided access to the Kennel Operations Software by our designated supplier. This Software will run your All American Pet Resorts® business and its day-to-day operations. The reports in the Software will be used to track all of your boarding, daycare, grooming, services, training and/or retail revenue. You must use these reports to communicate your gross revenue to us on the first day of every new month. We may inspect your QuickBooks data and other financial records, without requesting your approval, at any time. We may use the Software to access the cameras located in your All American Pet Resorts® business at any time. You will be required to purchase an annual support contract from the Software vendor and from time to time, perform all upgrades from the vendor at your own expense. The annual cost of the support contract is $2,700. You will also pay a set-up fee of $350 to our designated supplier.

You are required to manage the finances of your All American Pet Resorts® using QuickBooks. Training on QuickBooks is your responsibility and at your expense. We will provide you with a standardized chart of accounts in order to maintain consistency with the System.

You must have sufficient computer skills to be able to operate your Computer System and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You must check your email account at least once every day. If we determine that you require additional computer training, you must take and pay for, at your own expense, a computer training course at a local computer training school. You must complete this training within three months of the day we advise you of this requirement, and you must present us with a certificate acceptable to us to show that you have satisfactorily completed the training.

We have the right to independently access your All American Pet Resorts® information and data electronically through our proprietary data management and internet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System, the Brand and the sale of franchises. There is no contractual

limitation on our right to receive or use information through our proprietary data management and intranet system.

You are required to have at least one high resolution, hand-held digital camera and several permanently mounted interactive video cameras in your All American Pet Resorts®. Cameras must have access to the Internet and be viewable from any browser at any time. The quantity of interactive cameras will be determined by the size of your All American Pet Resorts®. Interactive video cameras will be used by customers, staff, management and franchisor and must be kept on-line at all times. The number of cameras viewable by the public will be determined by the size of your All American Pet Resorts®. The hand-held digital camera will be used for both marketing and staff management as outlined in the Brand Manual.

Training

At least 30 days before you open your All American Pet Resorts® Business, we will provide an initial training program lasting 5 days and on-site training at an All American Pet Resorts® Business for 5 days or less, depending on your level of experience in the industry and as we determine in our sole discretion. Training will be split between your Pet Resort and a Pet Resort of our choice, as explained in the chart below. We hold training programs on an as needed basis.

Under the Franchise Agreement, before you begin operating your All American Pet Resorts® Business, you or your "Designated Business Manager" must attend and successfully complete to our satisfaction our initial training program. You may have 1 additional person attend the initial training program at no additional training fee. If you desire to have additional people attend the initial training program, there will be a $100 per day per person training fee for such additional people. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses for any person attending the initial training program. If the Designated Business Manager's employment with you terminates, you must designate a new Designated Business Manager, who must successfully complete our initial training program within 3 months after the termination of the initial Designated Business Manager. If we do not hold an initial training program during that 90-day period, the replacement Designated Business Manager must attend and successfully complete the first available initial training program held by us. You may be charged a training fee for a replacement Designated Business Manager and you are responsible for the costs for airfare, ground transportation, lodging, meals, personal expenses, and the Designated Business Manager's salary and benefits.

Our training program consists of approximately 58 hours of training as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On The Job Training	Location
Pet Resort Design Development	1	1	All American Pet Resorts® of our choice, your Location, in person or via telephone
Site Set Up and Work Flow Analysis & Design	2	2	During design phase and at your Location
Phase I - Basic Pet Care	2	4	All American Pet Resorts® of our choice.
Phase I – Basic Kennel Operations	2	8 and ongoing	All American Pet Resort of our choice.
Phases I & II – Advanced Pet Care	2	8	All American Pet Resorts® of our choice.
Phase II – Marketing Your Business	2	2	All American Pet Resorts® of our choice.
Phase II – Operations & Management	None	12	Your Location
Phase II – Computer & Software	2	4	Your Location with 3rd party
Phase II – Basic Site Management, Staffing, Basic Set Up	1	1	Your Location
Phase III – Revenue Tracking & Reporting, Banking	1	1	Your Location
Total	15	43	

The training materials consist of our Brand Manual and other course books, certifications and examinations. Stephan Dimitroff, Art Rimbold, Yolanda Rimbold and/or other employees of participating All American Pet Resorts® and Certified All American Pet Trainers will conduct the initial training program and other on-going training. Art Rimbold has designed, developed, owned and operated kennels for 40 years. He is also the past president of a Michigan Humane Society. Yolanda Rimbold has trained groomers and groomed dogs for over 30 years. She has owned and operated daycares and kennels for 37 years. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training. For example, our team of Certified All American Pet Trainers may assist with training. This team consists of individuals each having at least 1 year of experience in the style of pet care we require of our franchisees. These Certified All American Pet Trainers are required to re-certify with us every 2 years, attend annual retraining meetings, and are encouraged to receive outside, industry certifications.

We may hold an annual or biennial franchise convention, which you will be required to attend unless you receive express written consent from us. We may also hold additional mandatory conferences to discuss sales techniques, new Service and Product developments, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics. You must pay any convention or conference fee we designate and all personal travel and living expenses. The annual franchise convention and any additional mandatory annual conferences may be held at a location chosen by us.

We reserve the right to require you to comply with reasonable restrictions on maximum and minimum prices (to the extent permitted by applicable law) of specific goods, programs or services offered and sold by the Franchised Business as required in the Manual or as we otherwise reasonably direct in writing from time to time.

ITEM 12
TERRITORY

Franchise Agreement

The franchise grants you the right to operate your All American Pets Resort Business and sell the Products and Services you are authorized to sell by the Franchise Agreement from the approved location within the non-exclusive territory granted to you ("**Territory**"). Your Territory will be based on a radial parameter, geographical boundaries related to highways, zip codes, demographics and other characteristics including population density, pet MRI, consumer demographics, segmentation, average income and other characteristics of the surrounding area, natural boundaries, extent of competition, the size of your All American Pet Resorts® Business and the amount and size of urban, suburban and rural areas.

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

We will grant only one franchise per Territory. Your Territory will be determined after we approve the location for your All American Pet Resorts® Business. We will use the most recent population information available in the U.S. Census Data, or other population statistical sources of our choosing to determine populations. We have the exclusive right to determine the boundaries of your Territory. You may not change the location of your Pet Resorts or your Territory without our written consent before making the change. We have the right to approve or deny the relocation of your Pet Resorts based on the following factors: whether the Pet Resort is located in your Territory; the condition of the premises, including the size of the building and the adjoining land; the number of suites; and whether it is located sufficiently far enough away from any outlet of another All American Pet Resorts® franchisee as we determine. Under your Franchise Agreement, you do not receive any options for additional franchises, any rights of first refusal to acquire additional franchises, or any similar rights to buy additional franchises. Continuation of your Territory does not depend on the achievement of a certain sales volume, market penetration, or any other contingency. There are no circumstances that permit us to modify your territorial rights.

Customers from your Territory may purchase Services and Products from us and our Affiliate or designees over the Internet or in other reserved channels of distribution. We are not required to pay you any compensation if customers inside your Territory purchase Services and Products from us or our Affiliate or designees. Unless otherwise approved by us, you do not have the right to solicit or accept orders from customers outside of your Territory (including through the Internet, social media or other forms of electronic communication). You may not solicit or accept orders from customers located in another All American Pet Resorts® franchisee's territory.

We reserve the right, among others:

1. to use, and license others to use, the Marks and System for the operation of All American Pet Resorts® Businesses at any location outside of the Territory, regardless of the proximity to your Territory;

2. to use the Marks and the System to sell any Products or Services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, wholesalers, retail outlets or other distribution outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet, use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks or conduct e-commerce. We exclusively reserve the right to use and own any websites utilizing a domain name incorporating one or more of the words "American," "Pet" and/or "Resorts" or similar derivatives thereof. If we use the Marks to sell the Products and Services that you are required to sell to a customer in your Territory over the Internet we or our supplier and manufacturers may provide you with a credit in an amount received by us (less our costs for such sale);

3. to use and license the use of other proprietary and non-proprietary marks, service marks or methods which are not the same as or confusingly similar to the Marks, whether in alternate channels of distribution or in the operation of a business offering professional pet boarding, daycare and grooming services and related products, at any location, including within the Territory, which may be the same as, similar to or different from the business operated by you;

4. to use the Marks and System in connection with the provisions of other services and products or in alternate channels of distribution at any location including within the Territory;

5. to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your All American Pet Resorts® Business, wherever located;

6. to acquire businesses that are the same as or similar to the All American Pet Resorts® Businesses and operate such businesses regardless of where such business are located, including inside the Territory;

7. convert to the System operated by us any businesses offering professional pet boarding, daycare and grooming services and related products, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory; and

8. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you any compensation if we exercise any of the rights noted above.

The territorial rights granted to you under the Franchise Agreement are not dependent on your achievement of a certain sales volume, market penetration or other contingency and your Territory may not be altered, unless you fail to adhere to or comply with the Franchise Agreement, in which case we will have the right to terminate the Franchise Agreement. Also, we generally do not grant rights of first refusal.

To the extent that any other pet boarding, daycare and grooming businesses or Pet Resort we or our Affiliate(s) operate may be located within the same market as your All American Pet Resorts® Business, like all other similar businesses, they will compete for customers by offering pet boarding, daycare and grooming services. Company-owned or affiliate-owned All American Pet Resorts® Businesses are free to advertise, solicit and accept orders from any customers regardless of your Territory. We have not established any method under which we or our Affiliate will resolve conflicts regarding territory, customers or support.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our Marks, including the service mark "All American Pet Resorts®", and various designs and logos associated with our services. You may also use our other current or future Marks as we may designate to operate your All American Pet Resorts® Business.

We have a trademark and filed all required affidavits on our principal Mark with the United States Patent and Trademark Office ("**USPTO**") as follows:

Mark	Registration Date	Registration No.	Register
All American Pet Resorts	April 14, 2009	3,607,712	Principal Register
	August 11, 2009	3,666,368	Principal Register
ALL AMERICAN PET RESORTS...BECAUSE YOU CARE	April 19, 2011	3,948,259	Principal Register
	September 27, 2016	5,047,854	Principal Register

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet or through social media, including but not limited to URLS, domain names, e-mail addresses, locators, links, metatags or search techniques. You must get our prior

written approval of your company name before you file any registration documents. Your trade name must follow these guidelines: the words "All American Pet Resorts" followed by a geographic description such as city, state, area, county or similar descriptor as is legally permissible. You must indicate, as required in the Franchise Agreement and specified in the Brand Manual, that you are an independent operator. Guidelines regarding proper trademark use and notices are in the Brand Manual and will be updated annually as we deem appropriate. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. No currently effective agreement limits our right to use or license the use of our Marks.

We are not currently involved in any pending litigation regarding our trademarks.

You must notify us within three (3) days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against you relating to the Marks or Copyrighted Materials, we have the sole right, but not the duty, to defend any such action. We have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks or Copyrighted Materials and will exercise such right as we deem appropriate. We will control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by us, you must cooperate with us, sign any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution. At our option, you will join in any action, in which case we will bear all your out-of-pocket costs for such participation.

You must modify or discontinue the use of a Mark if we modify or discontinue the Mark. If this happens, it is your responsibility to pay for converting your operations to reflect any new or modified logo as we may designate (for example, changing signs, letterhead, and business cards). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your All American Pet Resorts® Business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change the name of your All American Pet Resorts® Business.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Brand Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our Products, as well as any other writings, recordings in print or electronic form are also protected by copyright and other laws. Although we have not filed an application for copyright registration for the Brand Manual, the Marks, the advertising materials, the content and format of our Products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyrighted Works**") in connection with your operation of your All American Pet Resorts® Business, but such copyrights remain our sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit your use of our Copyrighted Works.

Our Brand Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of All American Pet Resorts® Businesses, formulations for and packaging of Products, and training techniques used to provide Services sold at All American Pet Resorts® Businesses, information concerning Product and Service sales, operating results, financial performance and other financial data of All American Pet Resorts® Businesses and other related materials are proprietary and confidential ("**Confidential Information**") and are considered to be our property to be used by you only as described in the Franchise Agreement or the Brand Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your All American Pet Resorts® Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other All American Pet Resorts® Business during the term of the Franchise Agreement.

No patents are material to us at this time. We currently do not have any pending patent applications.

You must notify us within 3 days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Copyrighted Works. Upon receipt of timely notice of an action, claim or demand against you relating to the Copyrighted Works, we have the sole right, but not the duty, to defend any such action. We have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Copyrighted Works and will exercise such right as we deem appropriate. We will control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Copyrighted Works undertaken by us, you must cooperate with us, sign any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution. At our option, you will join in any action, in which case we will bear all your out-of-pocket costs for such participation. You must modify or discontinue the use of the Copyrighted Works if we modify or discontinue use of the Copyrighted Works. If this happens, we will reimburse you for your tangible out of pocket cost of compliance.

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

If you are an individual, you may directly supervise the All American Pet Resorts® Business at your Pet Resort or you may hire a Designated Business Manager to perform the supervision. If you are a business entity, your Designated Business Manager must perform the direct, on-site supervision.

If we believe you lack sufficient business experience, you must designate a Designated Business Manager to act as the operating manager for your All American Pet Resorts® Business. We must approve the selection of the Designated Business Manager prior to signing the Franchise Agreement. The Designated Business Manager must attend and successfully complete the initial training program and must abide by the obligations in the Franchise Agreement and the Brand Manual.

If you are a legal or business entity, each individual who owns, directly or indirectly, any interest in you (and, if you are an individual, your immediate family defined as your spouse and any adult children involved in any way with the All American Pet Resorts® Business) must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (Attachment B to the Franchise Agreement) and our Non-Disclosure and Non-Competition Agreement attached to this Disclosure Document as Exhibit G.

In addition, we may designate certain of your Principals as Controlling Principals. Those persons designated as Controlling Principals must sign the Franchise Agreement and agree to be individually bound by certain obligations under the Agreements, including confidentiality and non-competition covenants and to personally guarantee your performance under the Agreements. We typically designate your principal equity owners and executive officers, as well as any other affiliated entities that operate the All American Pet Resorts® Business, as Controlling Principals.

If you or your Designated Business Manager are unable to operate the All American Pet Resorts® Business because of your or your Designated Business Manager's death or disability or under certain circumstances where you or your Designated Business Manager are unable to devote your full time and attention to the All American Pet Resorts® Business, we can provide management services to assist you to operate your All American Pet Resorts® Business.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must refrain from using or permitting the use of your All American Pet Resorts® Business for any other purpose or activity at any time without first obtaining our written consent.

You must sell or offer for sale only those Services and Products which are authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required Services and Products as we deem appropriate with prior notice to you. You must discontinue selling and offering for sale any Services or Products, which we may disapprove in writing at any time. We reserve the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions. You may not sell products or services to customers located outside your Territory (including through the Internet) without our prior written approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 4	The initial term will commence on the date you sign the Franchise Agreement and continue through the Operating Term of 10 years.
b. Renewal or extension of the term	Section 4	If you are in good standing, you can add 1 additional term of 10 years.
c. Requirements for franchisee to renew or extend	Section 4	Sign Successor Franchise Agreement, which may have materially different terms than the Franchise Agreement, be current in payments, sign release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 18	Termination by you is a termination without cause and a breach of the Franchise Agreement.

Provision	Section in franchise or other agreement	Summary
e. Termination by franchisor without cause	Not Applicable	Not applicable.
f. Termination by franchisor with cause	Section 18	Can terminate upon certain violations of the Franchise Agreement by you.
g. "Cause" defined – curable defaults	Section 18	You have 30 days to cure the default listed in Section 18.2.
h. "Cause" defined – non-curable defaults	Section 18	Non-curable defaults: the defaults listed in Section 18.1
i. Franchisee's obligations on termination/non-renewal	Sections 11, 13, 15 & 18	Obligations include complete de-identification, payment of amounts due, compliance with post-term non-compete obligations and return of Brand Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 16	No restriction on our right to assign
k. "Transfer" by franchisee – defined	Section 16	Includes transfer of contract, equity or assets of the All American Pet Resorts® Business or ownership change
l. Franchisor approval of transfer by franchisee	Section 16	We have the right to approve in writing all transfers, including but not limited to any and all transfers of shares of interest in your All American Pet Resorts®.
m. Conditions for franchisor's approval of transfer	Section 16	New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you and current Franchise Agreement signed by new franchisee
n. Franchisor's right of first refusal to acquire franchisee's business	Section 17	We can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Section 17	We may, but are not required to, purchase your inventory and equipment at fair market value if your Franchise is terminated for any reason.
p. Death or disability of franchisee	Section 16	Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 days.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in US
r. Non-competition covenants after the franchise is terminated or expires	Sections 15	No competing business for 3 years (i) in the Territory or any other Franchisee's Territory; (ii) 100 miles of the Territory or any other Franchisee's Territory or (iii) 100 miles of any of our Affiliate owned All American Pet Resorts® Business
s. Modification of agreement	Sections 4 & 21	No modifications of Franchise Agreement during term generally, but Brand Manual subject to change. Modifications permitted upon the extension of your rights to separate All American Pet Resorts® Business.

Provision	Section in franchise or other agreement	Summary
t. Integration/merger clause	Section 21	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document or franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20	Except for certain claims, all disputes must be arbitrated in Michigan, under the CPR Rules for Non-Administered Arbitration (subject to state law).
v. Choice of forum	Section 21	Arbitration or litigation must be in Michigan (subject to state law).
w. Choice of law	Section 21	Michigan law applies, except as provided in a State Specific Addendum.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. We do use local personalities to promote All American Pet Resorts® but not to promote the purchase of a franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Section I of this Item 19 reflects the actual Gross Revenue generated by the 8 All American Pet Resorts® franchised businesses (each, a "**Franchised Business**" and collectively, the "**Franchised Businesses**"), and 1 affiliate operated business, that were open and in operation for at least 6 months during the time period beginning January 1, 2018 through December 31, 2018 (the "**Measurement Period**"). The total number of months each franchisee has operated its respective Franchised Business is noted in the table below. Each Franchised Business has a different number of suites which is also noted in the table below. The information included in Section I was taken from the operations software each Franchised Business and affiliate utilize.

Section II of this Item 19 includes information regarding the expenses incurred, expressed as a percentage of Gross Revenue, by each of the 8 Franchised Businesses, and 1 affiliate operated business, that were open and in operation for at least 6 months during the Measurement Period. The information included in Section II below was gathered from

information provided to us by each franchisee and affiliate from their respective financial records.

Section III of this Item 19 reflects the average, median, and range of gross revenue determined by reviewing the data for each of the Franchised Businesses, and 1 affiliate operated business, that were open and in operation for at least 6 months during the Measurement Period, and for at least 6 months during 2018. The information included in Section III below was gathered from the operations software each Franchised Business and affiliate utilize and information provided to us by each franchisee from their respective financial records.

Section IV of this Item 19 reflects an estimated EBITDA for each of the 8 Franchised Businesses, and 1 affiliate operated business, that were open and in operation for at least 6 months during the Measurement Period, adjusted to reflect our current standard Royalty Fee and Marketing Fund Fee rates for new franchisees joining the All American Pet Resorts® System after the date of this FDD. The information included in Section IV below was gathered from the operations software each Franchised Business or affiliate utilize and information provided to us by each franchisee and affiliate from their respective financial year end reports, which were provided to us by the franchisees and affiliate or their designated accounting representative.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. The characteristics of the Franchised Businesses and affiliate included in this Item 19 may differ materially from the outlet that will be offered to you.

I. Actual Gross Revenue

Outlet	Number of Suites[1]	Gross Revenue[2]	% Increase over 2017	Time Open[3]	Owner Operated	Location Type
1*	162	$ 2,063,061	-3.9%	14.6 years	No	Destination[1]
2	59	$ 930,033	11.3%	10.3 years	Yes	Convenience[2]
3	293	$ 2,298,166	11.1%	10.7 years	No	Airport[3]
4	132	$ 627,532	-8.5%	8.4 years	No	Destination
5	80	$ 880,811	-5.0%	6.2 years	Yes	Destination
6	59	$ 912,324	1.7%	6.0 years	Yes	Destination
7	113	$ 1,632,321	25.5%	5.7 years	No	Airport
8	100	$ 1,065,346	13.3%	5.1 years	No	Convenience
9	110	$716,305	N/A	1.3 years	Yes	Convenience

Notes:

1. The number of available suites at each Franchised Business varies from 59 suites to 293 suites.

[1] Destination locations are those that are not located within close proximity to a major highway or thoroughfare.
[2] Convenience locations are those that are located within close proximity to a major highway or thoroughfare.
[3] Airport locations are those that are located within close proximity to an airport.

2. Gross Revenue includes all sales during the Measurement Period for boarding, daycare and special services. Gross Revenue may include revenue associated with grooming services; however, not all locations perform grooming services, or offer the same types of grooming services (for example, some locations offer full service grooming, while some others offer bathing services only). We rounded the Gross Revenue amounts to the nearest thousand dollars.

3. "Time Open" reflects the total number of years each Franchised Business and affiliate has been in operation.

4. *Outlet No. 1 is a non-franchised, affiliate operated location.

II. Expense by Percentage of Gross Revenue

Outlet	Number of Suites[1]	Rent[2]	Labor[3]	Utilities[4]	Supplies[5]	Insurance[6]	Advertising[7]
1*	162	14.5%	36.8%	2.1%	3.4%	3.2%	1.1%
2	59	6.3%	46.6%	2.3%	3.0%	2.0%	0.9%
3	293	N/A	22.2%	1.8%	4.3%	2.4%	0.1%
4	132	10.9%	35.6%	11.0%	2.1%	4.0%	2.3%
5	80	16.3%	29.5%	3.3%	3.6%	0.8%	0.5%
6	59	9.8%	21.8%	2.8%	3.9%	5.9%	2.6%
7	113	8.8%	27.4%	1.5%	3.3%	1.3%	1.1%
8	100	17.4%	23.8%	2.8%	2.2%	1.3%	0.3%
9	110	N/A	38.2%	5.7%	7.7%	1.7%	1.7%

Notes:

1. The number of available suites at each Franchised Business and affiliate varies from 59 suites to 293 suites.

2. N/A signifies that financial data is not available.

3. "Rent" includes rental payments and CAM/CMM (common area maintenance) expenses, as applicable.

4. "Labor" includes the sum of hourly employee wages and employer contributions. Labor does not include any payments made to the owners of the Franchised Business and affiliate in the form of owner compensation, an owner's draw, a dividend or similar distribution.

5. "Utilities" includes water, sewer, electric and gas expenses, as applicable.

6. "Supplies" includes all kennel and office supplies.

7. "Insurance" includes liability and business insurance.

8. "Advertising" includes Search Engine Optimization, Pay Per Click and other selected media chosen by franchisees.

9. *Outlet No. 1 is a non-franchised, affiliate operated location.

III. Mean, Median, and Range of Gross Revenue

Gross Revenue*		2018	2017
	Number of Outlets**	9	8
	Average	$1,236,211	$1,224,896
	Highest	$2,298,166	$2,145,927
	Lowest	$627,532	$685,788
	Median	$930,033	$933,381

Notes:

1. The number of available suites at each Franchised Business or affiliate varies from 59 suites to 293 suites.
2. The calculations for 2017 do not include Location No. 9, which opened in October 2017 and thus was not open for at least six months during 2017.
3. *Gross Revenue includes all sales during the Measurement Period for boarding, daycare and special services. Gross Revenue may include revenue associated with grooming services, however, not all locations perform grooming services, or offer the same types of grooming services (for example, some locations offer full service grooming, while some others offer bathing services only). We rounded the Gross Revenue amounts to the nearest thousand dollars.
4. **One of the outlets included in the calculations is a non-franchised, affiliate operated location.

IV. 2018 EBITDA

Outlet	1	2	3	4	5	6	7	8	9
Total Gross Sales[1]	$2,063,061	$930,033	$2,298,166	$627,532	$880,811	$912,324	$1,632,321	$1,065,346	$716,305
Cost of Goods Sold[2]	$57,427	$23,869	$101,097	$37,585	$29,979	$29,804	$48,043	$92,804	$37,182
Payroll Expenses[3]	$892,859	$451,242	$734,042	$348,911	$283,870	$217,509	$614,938	$368,361	$330,603
Rent Expense[4]	$300,000	$59,064	$143,913	$68,400	$144,000	$89,759	$143,100	$185,000	$12,000
Controllable Expense[5]	$108,831	$40,521	$115,472	$49,206	$24,710	$78,677	$90,430	$46,463	$54,181
Property Expense[6]	$131,870	$31,500	$113,199	$101,874	$55,285	$48,941	$80,090	$96,676	$76,833
Non-Controllable Expenses[7]	$86,402	$38,658	$184,131	$22,191	$65,208	$31,560	$96,774	$22,060	$41,464
Royalty Fees[8]	$144,414	$65,102	$160,872	$43,927	$61,657	$63,863	$114,262	$74,574	$50,141
Marketing Fund Fees[9]	$41,261	$18,601	$45,963	$12,551	$17,616	$18,246	$32,646	$21,307	$14,326
Total % of Expenses	85.46%	78.34%	69.56%	109.10%	77.47%	63.39%	74.76%	85.16%	86.10%
EBITDA	$299,997	$201,476	$699,477	$(57,113)	$198,486	$333,965	$412,037	$158,101	$99,575

Notes:

1. Total Gross Sales represents revenue that royalties are paid on and may include tips or state sales taxes collected, if collected. All but one of our franchise locations do not record tips as a separate line item of income on the location's financials. Thus, the Total Gross Sales reported to us may include tips.

2. Cost of Goods Sold includes the total cost of all goods used in the locations.

3. Payroll Expenses include all salary & hourly wages, bonuses, taxes, benefits. This does not include any expenses related to owner compensation.

4. Rent includes the cost of the leased resort.

5. Controllable Expenses include all expenses associated with advertising, office expenses, professional fees & uniforms.

6. Property Expenses include utilities, building maintenance, building repairs, telephone, internet, water & sewer expenses related to the property.

7. Non Controllable Expense includes all expenses associated with credit card fees, personal property taxes and real estate taxes.

8. Royalty Fees collected from these locations are not uniform. The Royalty Fee figures reflected in the chart above have been adjusted to reflect a standard 7% royalty rate.

9. Marketing Fund Fees collected from these locations are not uniform. The Marketing Fund Fee figures reflected in the chart above have been adjusted to reflect a standard 2% marketing fund rate.

10. The number of available suites at each Franchised Business varies from 59 suites to 293 suites.

11. *Outlet No. 1 is a non-franchised, affiliate operated location. Similar to Note 8, the Royalty Fee figure listed for Outlet No. 1 has been adjusted to reflect a standard 7% royalty rate in order to standardize the comparison of EBITDA because the affiliate operates under a different royalty structure. Similar to Note 9, the Marketing Fund Fees listed for Outlet No. 1 has been adjusted to reflect a standard 2% marketing fund rate because the affiliate operates under a different marketing fund structure.

12. Location 3 Rent Expense: Franchisee owns the resort and rent was based on 9% of facility cost less the amount of depreciation and interest included in facility expenses.

13. Location 9 Rent Expense: Franchisee has been in operation for 15 months ending December 31, 2018. Rent has not been firmly established and the number reported is an estimate only.

Additional Notes:

A. **Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.**

B. You are responsible for developing your own business plan for your business, including capital budgets, financial statements, projections and other elements appropriate to your particular circumstances. As part of your planning, you need to take into account the expenses you will incur including labor and other operations expenses. Additional expenses that you may incur include, but are not limited to, royalty and marketing fees detailed in Item 6 of this disclosure document, interest on debt service, insurance, legal and accounting charges, and depreciation/ amortization. Franchisees listed in this disclosure document, may be one source of information.

C. In developing the business plan for your All American Pet Resorts® Business, you should make a necessary allowance for changes in financial results to income, expenses, or both, that may result from operation of your business during periods of, or in geographic areas

suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

D. Although this financial performance representation includes some expense information, this financial performance representation does not include all costs of sales, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your All American Pet Resorts® Business. Franchisees listed in this disclosure document, may be one source of information.

E. Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Stephan Dimitroff, All American Pet Resorts, LLC Our principal business address is 39555 Orchard Hill Place, Suite 600, Novi, MI 48375, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY FOR FISCAL YEARS 2016 TO 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	8	8	0
	2017	8	9	+1
	2018	9	9	0
Company Owned	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total	2016	8	8	0
	2017	8	9	+1
	2018	9	9	0

All American Pet Resorts® Royal Oak has a license to use the "All American Pet Resorts®" name. We included the All American Pet Resorts® Royal Oak in our franchise count.

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR) FOR FISCAL YEARS 2016 TO 2018

State	Year	Number of Transfers
All States	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS 2016 TO 2018

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Florida	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
Michigan	2016	4	0	0	0	0	0	4
	2017	4	1	0	0	0	0	5
	2018	5	0	0	0	0	0	5
New Jersey	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Texas	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Totals	2016	8	0	0	0	0	0	8
	2017	8	1	0	0	0	0	9
	2018	9	0	0	0	0	0	9

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS FOR FISCAL YEARS 2016 TO 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
All States	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Totals	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2018

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchise Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Florida	1	1	0
Michigan	1	1	0
Texas	1	1	0
Totals	3	3	0

The names, addresses and telephone numbers of all current franchisees, including those who have not opened locations yet, and Affiliate-owned outlets are listed in Exhibit C. Exhibit C also includes a list of the franchised outlets that were previously owned by a franchisee, reacquired by us or our Affiliate, and then resold to a new franchisee. Exhibit C also includes a list of those franchisees who had an outlet terminated, canceled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the period ended December 31, 2018. No franchisees have failed to communicate with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During our last three fiscal years, franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the All American Pet Resorts® System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

A list of any name, address, telephone number, email address, and web address (to the extent known) of each trademark-specific franchisee organization associated with the All American Pet Resorts® System is listed on Exhibit D to this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to the Disclosure Document as Exhibit A are our audited financial statements as of our fiscal years ending December 31, 2016, December 31, 2017 and December 31, 2018 with the independent auditor's report attached.

ITEM 22
CONTRACTS

Attached are the following agreements proposed for use in connection with our offering of franchises:

Exhibit:

B. Franchise Agreement

F. State-Specific Addendum to Disclosure Document and Franchise Agreement

G. Non-Disclosure and Non-Competition Agreement

H. Statement of Franchisee

J. Application and Confidentiality Agreement

K. Form General Release of Claims

ITEM 23
RECEIPT

The last two pages of the disclosure document (following the exhibits and attachments) are receipt pages acknowledging your receipt of the disclosure document. One copy is for your records, and one copy must be signed and dated by you and returned to us.

EXHIBIT B

ALL AMERICAN PET RESORTS, LLC

FRANCHISE AGREEMENT

ALL AMERICAN PET RESORTS, LLC

EXHIBIT B

FRANCHISE AGREEMENT

Franchise #: _____

Franchisee: _____

Date: _____

Territory: _____

_____

TABLE OF CONTENTS

Section		Page
1.	DEFINITIONS	2
2.	COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE	4
3.	GRANT OF LICENSE	6
4.	TERM OF THE AGREEMENT AND LICENSE	7
5.	TERRITORY	8
6.	FEES	10
7.	ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES	11
8.	SERVICES AND ASSISTANCE	13
9.	FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS	19
10.	PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES	25
11.	MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS	25
12.	ADVERTISING AND PROMOTION	29
13.	INSURANCE AND INDEMNITY	33
14.	RELATIONSHIP	35
15.	RESTRICTIVE COVENANTS	36
16.	ASSIGNMENT	38
17.	OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL	43
18.	DEFAULT AND TERMINATION	45
19.	NOTICES	51
20.	DISPUTE RESOLUTION	52
21.	MISCELLANEOUS	54
22.	ACKNOWLEDGEMENT	56

ATTACHMENTS:

A. Initial Franchise Fee
B. Territory
C. Guaranty and Assumption of Franchisee's Obligations
D. Statement of Ownership
E. EFT Authorization
F. Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
G. Lease Addendum and Collateral Assignment of Lease
H. SBA Addendum

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made this _____ day of _____, 20__ (the "Effective Date"), by and between ALL AMERICAN PET RESORTS, LLC, a Michigan limited liability company, located at 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 ("Franchisor") and _____, located at _____ ("Franchisee").

RECITALS

WHEREAS, Franchisor has developed a comprehensive system for the operation of a business offering services for boarding, daycare and grooming pets, and the sale of related Products ("All American Pet Resorts® Business").

WHEREAS, the All American Pet Resorts® Businesses are operated under a business format using a unique system with high standards of service, including valuable know-how, information, Trade Secrets, Confidential Information, training methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, and research and development ("System").

WHEREAS, the distinguishing characteristics of the System include the trademark "All American Pet Resorts®" and other trademarks and trade names, confidential operating procedures, confidential Brand Manual, standards and specifications for equipment, services and products, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time. They are Franchisor's Confidential Information and Trade Secrets and are designated by and identified with the Marks described in this Agreement.

WHEREAS, Franchisor continues to use, develop and control the use of the Marks in order to identify for the public the source of services and products marketed under the System, and which represent the System's high standards of quality, service and customer satisfaction.

WHEREAS, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

WHEREAS, Franchisee acknowledges the importance to the System of Franchisor's high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating an All American Pet Resorts® Business in conformity with the System.

WHEREAS, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor's reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

WHEREAS, Franchisee is aware of the foregoing and is desirous of obtaining the right to use the System and in association therewith, the right to use the Marks, and wishes to be assisted, trained, and franchised to operate an All American Pet Resorts® Business pursuant to the provisions and within the Territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

WHEREAS, Franchisee entered into an Application and Confidentiality Agreement (the "Application Agreement") (attached as Exhibit J to the Franchise Disclosure Document) indicating Franchisee's bona fide intent to enter into this Agreement.

The parties therefore agree as follows:

1. **DEFINITIONS.**

For the purposes of this Agreement, the following are hereby defined:

1.1 "Affiliate" - means any person or entity that controls, is controlled by, or is in common control with, Franchisor.

1.2 "Agreement" - means this agreement, attachments, exhibits, and all instruments in amendment hereof.

1.3 "All American Pet Resorts® Business" - means the business operations conducted or to be conducted by Franchisee consisting of a business offering services for boarding, daycare and grooming pets, and the sale of related Products using Franchisor's System and in association with the Marks.

1.4 "Application Agreement" – has the meaning in the Recitals.

1.5 "Brand Development Fee" and "Brand Development Fund" – shall be defined as set forth in Section 12.4.

1.6 "Brand Manual" - means, but is not limited to, collectively, all directives, books, pamphlets, bulletins, brochures, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or intranet data, or other publications, documents, software programs, video tapes, DVDs, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of Franchisor for use by Franchisees generally or for Franchisee in particular, setting forth information, advice and standards, requirements, marketing information and procedures, operating procedures, instructions or policies relating to the operation of the All American Pet Resorts® Business or the operation of franchises, as same may be added to, deleted or otherwise amended by Franchisor from time to time. The form and content of the Brand Manual maintained by Franchisor shall prevail in the event of any dispute regarding the form of or content of the Brand Manual between Franchisor and Franchisee.

1.7 "Confidential Information" - means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the System and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, Franchisee's All American Pet Resorts® Business including, without limitation, all

databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, manuals, promotional and marketing materials, marketing strategies and any other data which Franchisor designates as confidential.

1.8 "Designated Business Manager" – shall be defined as set forth in Section 8.3(d).

1.9 "Franchisor's System" or "System" - means the standards, systems, concepts, identifications, collateral, methods, and procedures developed or used by Franchisor, or which may hereafter be developed or used by Franchisor, for the sales and marketing of Franchisor's Services and Products.

1.10 "Franchise" - shall mean the business operations conducted or to be conducted using Franchisor's System and in association therewith the Marks.

1.11 "Gross Revenues" - means the total of all receipts derived from all sales of products and services at Franchisee's All American Pet Resorts® Business, labor, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by Franchisee or Franchisee's All American Pet Resorts® Business or by means of the business conducted under this Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include:

(a) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority; and

(b) all customer refunds, valid discounts and coupons, and credits made by the All American Pet Resorts® Business (exclusions will not include any reductions for credit card user fees, returned checks or reserves for bad credit or doubtful accounts).

Gross Revenues shall be deemed received by Franchisee at the time the Services or Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Revenues consisting of property or Services shall be valued at the retail prices applicable and in effect at the time that they are received.

1.12 "Individual Advertising Expense" – shall be defined as set forth in Section 12.1.

1.13 "Interim Period" – shall be defined as set forth in Section 4.5.

1.14 "Lease" - means any agreement (whether oral or written) under which the right to occupy a Pet Resort has been obtained, and any amendment made thereto from time to time, including without limitation, any offer to lease, license or lease agreement. Franchisee acknowledges and agrees that before any Lease will be accepted by Franchisor, the Lease must incorporate the terms of the Lease Addendum attached to this Agreement as Attachment F.

1.15 "Marks" - shall mean the trademark "ALL AMERICAN PET RESORTS®" and "All American Pet Resorts... Because You Care®" to the extent of Franchisor's rights to same, together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which may be designated by Franchisor from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

1.16 "Operating Term" – means the time period commencing on the date Franchisee signs this Franchise Agreement and continuing for a period of 10 years.

1.17 "Patent(s)" - means any patents issued by the United States Patent and Trademark Office to Franchisor or its Affiliates.

1.18 "Pet Resort" - means the approved location from which Franchisee provides Services and sells Products in connection with the All American Pet Resorts® Business.

1.19 "Products" - means all supplies, material and equipment sold, prepared or otherwise dealt with in connection with the All American Pet Resorts® Business and associated with the Marks.

1.20 "Purchase Offer" – shall be defined as set forth in Section 16.6.

1.21 "Royalty Fee" – shall be defined as set forth in Section 16.2.

1.22 "Services" - means the sale and provision of services for boarding, daycare and/or grooming for pets conducted or otherwise dealt with in connection with the All American Pet Resorts® Business and associated with the Marks.

1.23 "Territory" – shall mean the geographical area conveyed to franchisee as further described in Attachment A and Section 3.1 of this Agreement.

1.24 "Trade Secret(s)" - shall mean information, including a formula, pattern, compilation, program, device, method, training technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE.

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

2.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised it to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges

that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the All American Pet Resorts® Business, Franchisor and this Agreement.

2.2 Franchisee has, or has made firm arrangements to acquire, funds to commence, open and operate the All American Pet Resorts® Business, and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

2.3 All statements made by Franchisee in writing in connection with its application for this franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

2.4 There are no material financial obligations of Franchisee, whether actual or contingent, which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

2.5 Franchisee is not a party to or subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

2.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

2.7 Franchisee represents that it is not a party to or subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Operating Term or any Interim Period.

2.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein and in the Franchise Disclosure Document supplied to Franchisee. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

2.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that they, their employees, and everyone associated with Franchisee are not listed in the Annex to Executive Order 13224 (which can be accessed at http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 2.9.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

(e) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

3. GRANT OF FRANCHISE.

3.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the Operating Term of this Agreement and any Interim Period the right and license ("License") to:

(a) Operate an All American Pet Resorts® Business upon the terms and conditions of this Agreement in one (1) territory described in Attachment B ("Territory");

(b) Use the Marks and the System;

(c) Use any Patents; and

(d) Offer and market ONLY Franchisor's approved Services and Products, unless Franchisor approves in writing Franchisee's request to offer and market complementary and non-competing services or products.

3.2 The License does not include the right to sell Products to any vendor who would in turn sell to consumers.

3.3 Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to, within ninety (90) days or such earlier period required by Franchisor in the event of a safety

issue or issue pertaining to Franchisor's Trademarks, Confidential Information, or other intellectual property rights, to accept and comply with any such reasonable addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 9.

3.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Territory, defined in Section 5.1 below and no other, and cannot be transferred to an alternate Territory, without the prior written approval of Franchisor, which approval may be granted or withheld as Franchisor deems appropriate.

4. TERM OF THE AGREEMENT AND LICENSE.

4.1 Unless terminated in accordance with the provisions of this Agreement, this Agreement and the License granted hereunder will be effective as of the Effective Date noted in the opening paragraph and shall continue until the expiration of the Operating Term.

4.2 Upon the expiration of the Operating Term and any Interim Period, Franchisor will extend Franchisee's rights to operate the All American Pet Resorts® Business for 1 additional term ("Successor Term") of 10 years, if Franchisee:

(a) Sends written notice to Franchisor, as provided in Section 19, not less than one year prior to the expiration of the Operating Term stating Franchisee's desire to extend its rights to operate the All American Pet Resorts® Business;

(b) Executes a new agreement ("Successor Franchise Agreement") and all other agreements in the form then being used by Franchisor to grant new franchises, the terms of which may be materially different from this Agreement;

(c) Executes a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor;

(d) Upgrades the Pet Resort and computer system used in operations of the All American Pet Resorts® Business to Franchisor's current standards;

(e) Complies with all other provisions contained in the Brand Manual, as modified periodically by Franchisor; and

(f) Provides proof of current licenses, insurance and permits.

4.3 Despite Franchisee's compliance with the conditions of Section 4.2, Franchisor may refuse to extend Franchisee's rights to operate the All American Pet Resorts® Business if Franchisee:

(a) Has failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee; or

(b) Has committed and received notice of 2 or more breaches of this Agreement in the 24 months prior to the end of the Operating Term, even if such breaches were timely remedied; or

(c) Has not given Franchisor a written notice of intent to extend its rights to operate the All American Pet Resorts® Business no less than 1 year prior to expiration of the Operating Term; or

(d) Is not current in payment obligations to Franchisor or to Franchisee's, landlord, suppliers, or trade creditors.

4.4 Franchisor reserves the right to change any term(s) of the Franchise Agreement form to be signed by Franchisee upon the extension of Franchisee's rights to operate the All American Pet Resorts® Business (except as specified below). There shall not, however, be another Initial Franchise Fee charged in connection with the extension of Franchisee's rights to operate the All American Pet Resorts® Business of the Franchise Agreement. IN FRANCHISOR'S SOLE DETERMINATION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND FRANCHISEE'S RIGHTS TO OPERATE THE FRANCHISE (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN THIRTY DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 4.

4.5 If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement 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 date of expiration 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 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.

5. TERRITORY.

5.1 During the Operating Term and any Interim Period, so long as Franchisee is in compliance with all of its obligations hereunder (except as otherwise provided in this Agreement), and subject to Franchisor's reservation of rights set forth in Section 5.2 neither Franchisor nor any Affiliate will establish or license another person or entity to establish an All American Pet Resorts® Business using the Marks licensed to Franchisee within the Territory encompassed by the boundaries set forth in Attachment A, which will be provided by Franchisor

and will be attached to this Agreement within 30 days following Franchisor's approval of the Pet Resort and will be incorporated herein by this reference. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its Affiliates and does not grant rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts other than the All American Pet Resorts® Business.

5.2 Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

(a) to use, and to license others to use, the Marks and System for the operation of All American Pet Resorts® Businesses at any location other than in the Territory, regardless of proximity to the Territory;

(b) to use, license and franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, in association with operations that are the same as, similar to or different than the All American Pet Resorts® Business;

(c) to use the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in Section 5.2(d), at any location including the Territory;

(d) to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than All American Pet Resorts® Businesses), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(e) to use and own any websites utilizing a domain name incorporating one or more of the words "American", "Pet" and/or "Resorts" or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and to use the Marks on the Internet, including all use of websites, social media platforms, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor's prior written approval. Franchisor intends that any Franchisee website be accessed only through Franchisor's home page. Franchisee will provide Franchisor with content for Franchisor's Internet marketing and will sign Internet and intranet usage agreements, if any. Franchisor retains the right to approve any linking or other use of its website;

(f) to acquire businesses that are the same as or similar to the All American Pet Resorts® Business and operate such businesses regardless of where such businesses are located; provided, however, that if any such business is located inside the Territory, it

may not be operated using the "All American Pet Resorts®" trademarks or trade names without Franchisee's approval, which will not be unreasonably withheld;

(g) to be acquired by any third party which operates businesses that are the same as or similar to the All American Pet Resorts® Business regardless of where such businesses are located, including inside the Territory. In the event that Franchisor is acquired by a third party in accordance with this Section 5.2(g), such third party will assume the obligations of Franchisor under this Agreement;

(h) to implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere. Franchisor also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs

5.3 Franchisor will establish the boundaries of the Territory using zip codes or geographical elements. Franchisee acknowledges and agrees that once the Territory has been established, it will not be changed regardless of any increase or decrease of the population in the Territory.

6. **FEES.**

6.1 Upon the execution of this Agreement, Franchisee shall pay to Franchisor, as a non-recurring initial franchise fee ("Initial Franchise Fee"), the sum set forth on Attachment A, plus, if due and payable, all applicable federal, state or municipal taxes. The Initial Franchise Fee shall be due upon the signing of this Franchise Agreement and shall be paid by means of cashier's check, money order or wire transfer. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor when paid. The Initial Franchise Fee is non-refundable once paid except as provided for in Section 6.2.

6.2 The Initial Franchise Fee will be non-refundable unless Franchisor terminates the Agreement because of a reason set forth in Section 18.1(i). Franchisor shall notify Franchisee in writing that it is exercising its right to terminate the Agreement pursuant to Section 18.1(i), in which case Franchisor shall refund to Franchisee 50% of the Initial Franchise Fee within 30 days of Franchisor's notice of termination to Franchisee, less any costs or expenses incurred by Franchisor in connection with Franchisee's All American Pet Resorts® Business.

6.3 Beginning on the first day of the fourth month of the Operating Term (payment due for the fourth month of the Operating Term on the fifth month of the Operating Term) and continuing thereafter for each month or partial month of the Operating Term of this Agreement and any Interim Period, Franchisee shall pay to Franchisor a royalty fee equal 7% of all Gross Revenues ("Royalty Fee").

6.4 The Royalty Fee shall be payable to Franchisor on or before the 10th day of each month for the preceding calendar month and shall be payable through the entire Operating Term of this Agreement and any Interim Period. Franchisee shall pay the Royalty Fee monthly via electronic funds transfer. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty Fee or any other fee or charge hereunder. Each Royalty Fee payment will be based on a report as set forth in Section 6.4(a).

(a) Each Royalty Fee payment shall be, without exception, based on a statement of the previous month's Gross Revenues as generated by the Operations Software. Gross revenue reports are due to Franchisor on the first day of every month via fax or electronic email. Each failure to include a fully completed gross revenue report of the previous month's Gross Revenues with the Royalty Fees payable to Franchisor when due shall constitute a material breach of this Agreement.

(b) Franchisor requires Franchisee to remit fees via Franchisor initiated electronic funds transfer ("EFT") or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Franchise Agreement as Attachment D. Under this procedure, Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefore. If Franchisee has not timely reported the Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Gross Revenues was provided to Franchisor as required hereunder; (b) the Royalty Fee and Brand Development Fee and any penalty fees; or (c) the amount due based on information retrieved by Franchisor.

7. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES.

7.1 Franchisee shall keep such complete records of its All American Pet Resorts® Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and the pre-formatted template required by Franchisor, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Brand Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

7.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the All American Pet Resorts® Business conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the All American Pet Resorts® Business including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenues (to be prepared each month for the preceding month), profit and loss statements (to be prepared semi-annually by an independent Certified Public Accountant), and balance sheets (to be prepared at least annually by an independent Certified Public Accountant).

7.3 Franchisee shall also submit to Franchisor current financial statements and other reports as Franchisor may reasonably request to evaluate or compile research and performance

data on any operational aspect of the All American Pet Resorts® Business. Franchisee shall submit Minimum Individual Marketing Expense statements to Franchisor once each quarter, beginning July 1 of each year. On or before April 15 of each year, Franchisee shall provide Franchisor with a copy of its federal tax return for the previous tax year.

7.4 The records required under this Section 7 pertain only to Franchisee's operation of the All American Pet Resorts® Business. Franchisor has no right to inspect, audit or copy the records of any unrelated business activity Franchisee may have. Franchisee shall keep the books and records of the All American Pet Resorts® Business separate from the records of any unrelated business activity or personal activity.

7.5 From the date Franchisee and Franchisor sign this Agreement until 3 years after the end of the Operating Term of this Agreement, including any Interim Period, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located, including without limitation, any and all financial records. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for 6 years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fee, Brand Development Fee or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this Agreement. In addition, if the deficiency for any audit period discloses a deficiency in the amount of any Royalty Fee, Brand Development Fee or other amounts due by 5% or more, Franchisee will also immediately pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. For the purposes of this Section 7.5, an audit period will be each fiscal year. Should the audit disclose an overpayment of any Royalty Fees, Brand Development Fees, or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty Fees, and Brand Development Fees next falling due.

7.6 If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Revenues, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Revenues for the period under consideration and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of the Royalty Fee, Brand Development Fee and other sums due on account of any understatement. Any such estimate shall be final and binding upon Franchisee.

7.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, Franchisee shall also pay, within five (5) days of the date of Franchisor's notice of late payment to Franchisee, a late interest charge equal to the lesser of (i) 1.5% per month; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Royalty Fees, Brand Development Fees, and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 7.7 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the All American Pet Resorts® Business. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the

provisions of this Section 7.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

7.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 7, shall be final and binding upon all of the parties hereto.

7.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the All American Pet Resorts® Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the All American Pet Resorts® Business as Franchisor may request.

7.10 Franchisee acknowledges and agrees that Franchisor owns all business records ("Business Records") with respect to customers and other service professionals of, and/or related to, the All American Pet Resorts® Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, telephone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during operations under this Franchise Agreement, and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System.

7.11 To encourage prompt delivery of all Business Records, Certificates of Insurance, Gross Revenue statements and any other documentation or record that may be requested by Franchisor under this Agreement, Franchisee shall pay, upon demand, a late report fee in the amount of $100 per record or document requested if Franchisee fails to deliver such record or document when due.

7.12 If Franchisee fails to pay the Royalty Fee or any other sums due to Franchisor under this Agreement by the due date 2 times during the Operating Term or any Interim Period, in addition to all other remedies which may be available, Franchisor reserves the right to require Franchisee to pay the Royalty Fee or any other sums due to Franchisor under this Agreement via weekly debits.

7.13 Franchisee agrees that, during the Operating Term and for 3 years after the expiration and termination of this Agreement, Franchisee shall supply to Franchisor Franchisee's All American Pet Resorts® Business location address and telephone number.

8. SERVICES AND ASSISTANCE.

8.1 The Initial Franchise Fee and Royalty Fee are paid for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services rendered by Franchisor.

8.2 Franchisor shall offer Franchisee initial and continuing services, as Franchisor deems necessary or advisable in furthering Franchisee's All American Pet Resorts® Business and

the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

8.3 Currently, initial services provided by Franchisor prior to Franchisee opening the All American Pet Resorts® Business shall include:

(a) Designating Franchisee's Territory in Attachment A.

(b) Furnishing Franchisee with prototype plans and specifications for the Pet Resort, as more fully provided in Section 10.

(c) Approving in writing Franchisee's proposed Pet Resort in accordance with Section 8.4.

(d) After Franchisee's receipt of all required licenses and permits, providing Franchisee, or a person designated to manage the All American Pet Resorts® Business holding the requisite experience and training as determined and approved in writing by Franchisor ("Designated Business Manager"), as applicable, and 1 additional person without extra charge with an initial training program. The initial training program shall be 5 days or less, based on Franchisee's level of experience in the industry and as determined by Franchisor in its sole discretion, and shall be held in part at a facility designated by Franchisor and Franchisee's Pet Resort. Training will include a discussion of the System, techniques, procedures, methods of training and operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, instructions on quality standards and practical experience in the operation of an All American Pet Resorts®. Following the initial training, Franchisee or Franchisee's designated representative will be required to work at an existing Pet Resort for at least 5 days, or less if allowed by Franchisor in its sole discretion, that incorporate all shifts.

(e) Loaning Franchisee during the Operating Term (including any Interim Period) 1 copy of Franchisor's confidential Brand Manual containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 8, and containing information relative to other obligations of Franchisee hereunder. Specifications, standards and operating procedures prescribed from time to time by Franchisor in the Brand Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. FRANCHISEE SHALL OPERATE THE ALL AMERICAN PET RESORTS® BUSINESS STRICTLY IN ACCORDANCE WITH THE BRAND MANUAL. FAILURE TO COMPLY WITH THE STANDARDS SET FORTH IN THE BRAND MANUAL SHALL CONSTITUTE A MATERIAL BREACH OF THIS AGREEMENT. FRANCHISOR RESERVES THE RIGHT TO PROVIDE THE BRAND MANUAL AND UPDATES TO THE BRAND MANUAL IN ELECTRONIC FORM OR OTHER FORM DETERMINED BY FRANCHISOR. FRANCHISOR SHALL HAVE THE RIGHT TO ADD TO, AND OTHERWISE MODIFY, THE BRAND MANUAL FROM TIME TO TIME TO REFLECT CHANGES IN AUTHORIZED PRODUCTS AND SERVICES, BUSINESS IMAGE OR THE OPERATION OF THE ALL

AMERICAN PET RESORTS® BUSINESS; PROVIDED, HOWEVER, NO SUCH ADDITION OR MODIFICATION SHALL ALTER FRANCHISEE'S FUNDAMENTAL STATUS AND RIGHTS UNDER THIS AGREEMENT. Some of the revisions to the Brand Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) Services; and (vii) Products. In connection with the foregoing, Franchisee acknowledges and agrees:

(i) to accept, implement and adopt any such modifications at its own cost, except as provided in Section 9.5 of this Agreement; provided, however, that Franchisee will not be required to expend in any calendar year an amount that, when added to other amounts Franchisor is required Franchisee to spend hereunder during the current and two prior calendar years, exceeds 1% of Franchisee's Gross Revenues for the three calendar years preceding the required expenditure

(ii) to keep its Brand Manual with replacement pages and insertions as instructed by Franchisor; and

(iii) that the Brand Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Brand Manual together with all copies of any portion of the Brand Manual which Franchisee may have made, to Franchisor.

(f) Providing Franchisee with a set of letterhead, business cards, brochures and other start-up materials determined by Franchisor each at no charge. Additional copies of letterhead, business cards and other start-up materials after the initial inventory may be provided at Franchisee's expense.

(g) Franchisor may provide other pre-opening and grand opening assistance during the first 90 days of operations of Franchisee's All American Pet Resorts® Business. Franchisor may charge Franchisee a reasonable fee for such requested services.

8.4 Franchisee is solely responsible for locating a site from which to operate the Pet Resort and negotiating a Lease for the property. Upon request, Franchisor will provide assistance to Franchisee in analyzing a location and in negotiating a Lease. Specifically, Franchisor will send a representative into Franchisee's Territory to assist Franchisee with site selection for the Pet Resort or to obtain the necessary zoning or building permit approval on no more than 2 separate occasions without charging Franchisee a fee. Franchisor will pay all costs and expenses associated with sending this representative into Franchisee's Territory on these first 2 occasions. If Franchisee requests that Franchisor send a representative into Franchisee's Territory on more than 2 occasions to assist Franchisee in the site selection process, Franchisor reserves the right to charge a nonrefundable site selection assistance fee ("Site Selection Assistance Fee") in accordance with the fee schedule set forth in the Brand Manual. In addition to the Site Selection Assistance Fee, Franchisee will also be responsible for paying all living

expenses and travel expenses for Franchisor's representative to travel to Franchisee's Territory to provide Franchisee with this additional site selection assistance. Franchisor will analyze a location by examining population density, census data, and proximity of the proposed location to other All American Pet Resorts® Businesses, or any other criteria as set forth in Section 9.2(b). The Pet Resort site is subject to Franchisor's written approval, which approval Franchisor may grant or deny as it deems appropriate, in its reasonable business judgment. Franchisee agrees that the location of the Pet Resort is a factor in the potential success of the All American Pet Resorts® Business and Franchisor may reject any location as it deems appropriate. However, Franchisee agrees that Franchisor's assistance in no way constitutes a representation or warranty with respect to the success or viability of the property or the Lease. Franchisee acknowledges that Franchisor's approval of the Pet Resort site indicates only that Franchisor believes that the site falls within acceptable criteria established by Franchisor as of the approval date. Franchisee shall not change the location of the Pet Resort without the prior written consent of Franchisor.

8.5 Currently, the services provided by Franchisor to Franchisee after Franchisee opens the All American Pet Resorts® Business shall include:

(a) Making a representative reasonably available to speak with Franchisee on the telephone during normal business hours, to discuss Franchisee's operational issues and support needs in Franchisor's discretion and as Franchisor deems appropriate.

(b) Holding periodic conferences to discuss sales techniques, new Product developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics in Franchisor's discretion and as Franchisor deems appropriate. Franchisee must pay all its travel and living expenses to attend.

(c) Franchisor may also hold mandatory biennial or annual conferences and conventions to discuss sales techniques, new Service and Product developments, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures and other topics in Franchisor's discretion and as Franchisor deems appropriate. Unless Franchisee received express written consent from the Franchisor, Franchisee must attend any such franchise conference and convention. Franchisee must pay the conference fee, if any, and all personal travel and living expenses. Informing Franchisee of mandatory specifications, standards and procedures for the operations of the All American Pet Resorts Business in Franchisor's discretion and as Franchisor deems appropriate.

(d) Researching new Products, Services and training methods, from time to time, and providing Franchisee with information concerning developments of this research in Franchisor's discretion and as Franchisor deems appropriate.

(e) Maintaining the Brand Development Fund and using these funds to develop promotional and advertising programs and public relations coverage for All American Pet Resorts® Businesses in Franchisor's discretion and as Franchisor deems appropriate.

(f) Providing advertising materials to Franchisee in the form of an arts graphics package included in the Brand Manual and as further provided in Section 12.

(g) A representative of Franchisor may provide additional assistance in Franchisor's discretion and as Franchisor deems appropriate. There may be additional charges for this additional assistance. If Franchisor provides additional assistance, Franchisor and Franchisee must agree in advance on the charges for the visit and the length of the visit.

(h) Providing Franchisee with a quarterly newsletter, in Franchisor's discretion and as Franchisor deems appropriate.

8.6 If Franchisee believes Franchisor has failed to adequately provide pre-opening services to Franchisee as provided in this Agreement in Sections 8.3 and 8.4, Franchisee shall notify Franchisor in writing within 30 days following the opening of the All American Pet Resorts® Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

8.7 To assure protection of Franchisee's customers, the Marks and System for the benefit of Franchisee and all other All American Pet Resorts® Businesses, Franchisee hereby makes, constitutes and appoints Franchisor, or Franchisor's designee, as Franchisee's true and lawful attorney-in-fact, with the powers set forth below, which may, in Franchisor's determination, be exercised if any of the following events occur: (i) Franchisee is indicted for or charges are filed against Franchisee alleging that Franchisee committed a criminal act that could involve imprisonment for more than thirty (30) days; (ii) charges are brought by any federal, state or local authority that could affect any licenses to operate an All American Pet Resorts® Business; (iii) Franchisee or the Designated Business Manager become mentally or physically incapacitated; or (iv) Franchisee commits any of the acts set forth in Sections 18.1(b), 18.1(c), 18.1(d), 18.1(e), 18.1(g), 18.1(j), 18.1(o), 18.1(p) or 18.1(q) of this Agreement. Upon the occurrence of any of the foregoing events, Franchisor may, but is not obligated to, take possession and control of and operate the All American Pet Resorts® Business for Franchisee's benefit. Such right shall continue only for such period of time as the reason or reasons for Franchisor's taking possession and control of the All American Pet Resorts® Business, as set forth above, continue; provided, however, that Franchisor reserves the right to terminate its management of the All American Pet Resorts® Business at any time. Franchisor shall act diligently, in good faith and honestly in Franchisor's actions hereunder. In furtherance of the foregoing, Franchisor may:

(a) collect any and all revenues due and payable to the All American Pet Resorts® Business and endorse Franchisee's name on checks received;

(b) pay any and all expenses incurred to operate the All American Pet Resorts® Business including, but not limited to, wages, salaries and other compensation to Franchisee's employees, to Franchisor and persons Franchisor employs on Franchisee's behalf to manage the All American Pet Resorts® Business and to others for professional services;

(c) pay any amounts due to Franchisor or Franchisor's affiliates, including the continuing Royalty Fees, Brand Development fees, amounts due for purchases of product and supplies and amounts due under any financing agreements;

(d) incur debts in the ordinary course of business for inventory, materials, supplies and other items needed for the operation of the All American Pet Resorts® Business;

(e) execute documents or instruments on Franchisee's behalf as such documents or instruments relate to the All American Pet Resorts® Business or Franchisor's System, Trademarks, Copyrighted Material or other proprietary rights;

(f) receive a reasonable fee for Franchisor's services hereunder (as more fully set forth below);

(g) institute legal or administrative proceedings on behalf of and defend actions brought against the All American Pet Resorts® Business; and

(h) take any other action Franchisor deems necessary or appropriate in furtherance of this provision.

Franchisor shall maintain separate books and records of Franchisor's actions hereunder in accordance with the format required by the System. The net proceeds, if any, from Franchisor's operation of the All American Pet Resorts® Business shall be deposited into a separate bank account or accounts under Franchisor's direction and control as trustee for Franchisee. Upon Franchisor's termination of the rights granted hereunder, such net proceeds, if any, shall be distributed to Franchisee or as Franchisee directs. Franchisor shall not be liable to Franchisee except for willful misconduct or gross negligence. Franchisee shall indemnify and hold Franchisor harmless from and against any loss, claim, expense, damage, liability or other obligation of any nature, including legal fees and expenses arising from or in any manner connected with Franchisor's actions hereunder, excepting only those arising from or connected with Franchisor's willful misconduct or gross negligence. Franchisee's appointment of Franchisor as attorney-in-fact is irrevocable and is coupled with an interest.

In addition to any other fees due under this Agreement and reimbursement of Franchisor's out-of-pocket expenses to provide management services, Franchisor is entitled to receive a fee for the management services provided by Franchisor equal to: (i) a management fee of 7% of the Gross Revenues of the All American Pet Resorts® Business ("Management Fee"); and, (ii) an incentive fee of 10% of the cash flow after payment of all expenses of operation of the All American Pet Resorts® Business, including Franchisor's out-of-pocket expenses and Management Fee ("Incentive Fee"). The Management Fee shall be paid within ten (10) days after the end of each month, or part thereof, and the Incentive Fee shall be paid within ten (10) days after the end of each calendar quarter, or part thereof, that management services are provided by Franchisor. Any portion of the Management Fee or the Incentive Fee which is not paid when due shall bear interest at the rate set forth in Section 7.7 until such amount is paid in full.

In addition to the foregoing, Franchisee acknowledges that if Franchisor becomes aware, by any means, of any situation where any license required for the All American Pet Resorts® Business is or may be suspended, terminated or affected in any manner that could result in the closing of the All American Pet Resorts® Business for any period time, Franchisor may, but is not obligated to, notify any federal, state or local authority. If Franchisor takes such action, Franchisee agrees that Franchisor shall not be liable to Franchisee for any costs, expenses or damages resulting therefrom.

8.8 Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment to provide such service or level of service in writing signed by an authorized officer of Franchisor, otherwise Franchisor shall not be obligated to provide any other services or specific level or quality of services.

9. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS.

9.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the All American Pet Resorts® Business and use its best efforts to market and promote the required Services and Products.

9.2 Franchisee shall complete the construction of Franchisee's Pet Resort, and shall maintain the Pet Resort, in accordance with the following requirements:

(a) Franchisee shall, at Franchisee's sole cost and expense, complete the interior build-out and install all furniture, fixtures and equipment as specified by Franchisor in the Brand Manual, and required by this Agreement.

(b) Franchisee may purchase or lease the required real property and improvements from any source upon terms approved by Franchisor in writing, such approval not to be unreasonably withheld in Franchisor's business judgment. Proposals of location of the Pet Resort must be submitted to Franchisor within 60 days of the execution of this Agreement or Franchisor may elect to terminate this Agreement. Franchisee must deliver to Franchisor any traffic, competition and demographic or similar location information relating to any proposed site that Franchisor reasonably requests for review at least 20 days before any proposed Lease signing date. Franchisee must deliver to Franchisor a copy of the proposed Lease, in a form acceptable to Franchisor, and such Lease must incorporate the terms of the Lease Addendum attached to this Agreement as Attachment F. If Franchisor assists Franchisee in negotiating the purchase or lease of the required real property and improvements or negotiating Franchisor's required Lease Addendum terms into the Lease, or Franchisor requires Franchisee to use an independent third-party or attorney to assist in Franchisee's Lease negotiation, Franchisor may charge Franchisee a lease negotiation fee ("Lease Negotiation Fee") as set forth in the Brand Manual which may be modified by Franchisor periodically. The Lease Negotiation Fee will be due prior to the negotiation of the Lease,

and is non-refundable once paid, even if the Lease negotiation is not completed. Notwithstanding anything herein to the contrary, Franchisor may extend the time periods set forth in this Section 9.2(b).

(c) Subject to the terms of this Section, Franchisee must at all times comply with Franchisor's interior and exterior brand requirements, standards, specifications, processes, procedures, requirements and instructions regarding the Pet Resort's physical facilities, including the layout of furnishings and fixtures. During the design phase of Franchisee's All American Pet Resorts® Business Franchisee or its designated representative must spend at least one working day at another All American Pet Resort® (at Franchisee's expense) in order to understand the architectural specifications and the implications of those specifications in the development of Franchisee's All American Pet Resorts® Business. Franchisee must maintain the Pet Resort and any parking areas in good and safe condition, as specified in the Brand Manual. Franchisee must remodel or upgrade the Pet Resort at its sole cost and expense in accordance with Franchisor's standards as set forth in the Brand Manual, which may be modified by Franchisor at any time.

9.3 Subject to the terms of this Agreement, including Sections 8.3(e)(i) and 8.3(e)(iii), during the Operating Term and any Interim Period, Franchisee shall strictly comply with all present and future standards, specifications, processes, procedures, requirements, and instructions of Franchisor regarding the operation of the All American Pet Resorts® Business and must comply with the following requirements:

(a) Prior to opening the All American Pet Resorts® Business, Franchisee or Franchisee's Designated Business Manager must attend and successfully complete all initial training programs. Additionally, following initial training Franchisee or its designated representative must work at an existing All American Pet Resorts® for a minimum of 5 days, or less as may be allowed by Franchisor in its sole discretion. Franchisee shall be responsible for travel, meals, personal expenses and living expenses incurred by itself, the Designated Business Manager, and additional persons that participate in the initial training program.

(b) Unless Franchisee receives express written consent from the Franchisor, Franchisee or its Designated Business Manager must attend Franchisor's biennial franchise convention and any other mandatory annual conferences at such locations as Franchisor may reasonably designate, and Franchisee will pay all salary and other expenses of persons attending, including any conference fees, travel expenses, meals, living expenses and personal expenses.

(c) Subject to Section 9.6, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the All American Pet Resorts® Business at the time and in the manner required by Franchisor. Franchisor will provide at least 30 days prior written notice of any new required Service or Product introduced into the System. All equipment, products, supplies, tools and other items necessary to add the newly required Services or Products must be acquired, installed, and utilized at the time and in the manner required by

Franchisor. The marketing of new Services and Products must begin at the All American Pet Resorts® Business as reasonably required by Franchisor.

(d) No service or product, except approved Services or Products, may be offered for sale from the Pet Resort or in the Territory, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied as Franchisor deems appropriate).

(e) Only advertising and promotional materials, Services, equipment, tools, inventory, Products, signage, supplies, and uniforms that meet Franchisor's standards and specifications shall be used at the All American Pet Resorts® Business. Advertising and promotional materials, tools, Services, equipment, inventory, Products, signage, supplies and uniforms produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

(f) Equipment, tools, Services, Products, inventory, supplies, signage, uniforms and other items must be added, eliminated, substituted and modified at the All American Pet Resorts® Business as soon as possible in accordance with changes in Franchisor's specifications and requirements.

(g) The All American Pet Resorts® Business and everything related to the All American Pet Resorts® Business must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by Franchisor or needed in connection with the All American Pet Resorts® Business must be promptly made. All employees must be clean and neat in appearance.

(h) No alterations of the All American Pet Resorts® Business materially affecting the image of the All American Pet Resorts® Business may be made except at Franchisor's request or approval, and any alterations must strictly conform to specifications and requirements established or approved by Franchisor.

(i) The All American Pet Resorts® Business and the Services provided and Products sold by Franchisee must comply with all applicable federal, state, and local laws, ordinances, rules, regulations and other requirements applicable to animal care, boarding, daycare and grooming. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations before operating its All American Pet Resorts® Business. If Franchisee does not obtain all required permits and licenses necessary to operate its All American Pet Resorts® Business within 6 months after the mutual execution of the Franchise Agreement, Franchisor may terminate this Franchise Agreement.

(j) The employees, equipment, tools, supplies, inventory, Products, and other items on hand at the All American Pet Resorts® Business, must be at all times sufficient to efficiently meet the anticipated volume of business.

(k) All debts and taxes arising in connection with the All American Pet Resorts® Business, except those duly contested in a bona fide dispute, must be paid when due.

(l) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes and represent the All American Pet Resorts® Brand. Franchisee agrees to participate in periodic focus groups as directed by Franchisor including but not limited to participation in reasonable expenses related to the service.

(m) Franchisee shall accept all major debit and credit cards and other the forms of payment specified by Franchisor in the Brand Manual as payment.

(n) Franchisee shall comply with all terms and pay all fees that may be due under a software license agreement for any software Franchisee is required to use in the operation of its All American Pet Resorts® Business as prescribed by Franchisor.

(o) Franchisee shall comply with the advertising requirements set out in Section 12.

(p) Franchisee will not use any materials that are false or misleading.

(q) Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conform to all applicable laws and regulations.

(r) Franchisee will conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, consumer protection laws and regulations. Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers

9.4 In prescribing standards, specifications, processes, procedures, requirements or instructions under Section 9.2 or any other provision of this Agreement, Franchisor will provide guidance to Franchisee, as required in Franchisor's sole determination, in determining the prices to be charged by Franchisee for Services or Products. Franchisor shall not have control over the day-to-day managerial operations of the All American Pet Resorts® Business, and Franchisee shall be free to establish its own prices.

9.5 Franchisor and Franchisor's representatives will have the right during business hours to inspect the All American Pet Resorts® Business and all other facilities used for providing Services and selling approved Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the All American Pet Resorts® Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures and Franchisor may video tape or take photographs of Franchisee's training styles and techniques as it relates to the All American Pet Resorts® Business. Franchisor and Franchisor's representatives

will have the right to have any of Franchisor's required Services rendered by any employee at the All American Pet Resorts® Business. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 9.5; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the All American Pet Resorts® Business.

9.6 Franchisee will not be required to offer or sell new Services or Products as set out in Section 9.3(c) if Franchisee demonstrates to Franchisor's reasonable satisfaction that:

(a) A substantial capital improvement not contemplated by this Agreement or in the Brand Manual is required, thereby resulting in a material hardship to Franchisee; or

(b) A material reduction in Gross Revenues or profitability would result therefrom. For the purposes of this Section 9.6(b), a 40% decrease in Gross Revenues from the average Gross Revenues for the prior 12 months would be considered a material reduction in Gross Revenues (subject to seasonal factors that may be applicable to the Territory), and a 30% reduction in profitability from the average profitability during the previous 12 months (subject to seasonal factors that may be applicable to the Territory) would be considered a material reduction in profitability.

9.7 Franchisor may require Franchisee's compliance with the provisions of this Section 9 even if it does not require such compliance by all franchisees.

9.8 If Franchisee is an individual, Franchisee must directly supervise the All American Pet Resorts® Business. If Franchisee is a corporation or other business entity, if Franchisee has, in Franchisor's sole judgment, insufficient experience in a business similar to the franchise or experience in business management in general, or if Franchisee so desires, then Franchisee shall nominate a Designated Business Manager having the required experience who shall have direct responsibility for all operations of the All American Pet Resorts® Business. Any change in the Designated Business Manager will be subject to Franchisor's approval.

9.9 Franchisee shall at all times have sufficient computer skills to operate Franchisee's computer, understand how to utilize any software Franchisor requires to be used in the All American Pet Resorts® Business, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor will notify Franchisee in writing regarding the nature of the additional training required, and Franchisee will have 60 days to complete such training at a local computer training school at Franchisee's sole cost and expense. Franchisor reserves the right to designate the computer training school which Franchisee must attend. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee passed the training course. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

9.10 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems.

Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

9.11 Franchisee shall acquire, maintain, and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Brand Manual and as modified periodically by Franchisor. Franchisee shall comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's required software, proprietary database management and intranet system, when available, as the exclusive means for tracking and maintaining customer, vendor, and lead information, and for such other uses as prescribed by Franchisor periodically in the Brand Manual. Monthly sales and royalty reporting may occur through mandatory software including the automatic draft via electronic transfer of Royalty Fees and Brand Development Fees.

9.12 Franchisee shall at all times maintain an active email account and shall check the account at least once each day. If available, Franchisee shall maintain an email account on Franchisor's proprietary database management and intranet system or as otherwise specified by Franchisor.

9.13 Within nine (9) months after the date of this Agreement, Franchisee must have (a) obtained an Approved Location; (b) obtained the applicable licenses required by the state and local government to operate an All American Pets Resorts® Business; and (c) Franchisee or its Designated Business Manager must have completed the training program to the satisfaction of Franchisor.

9.14 Franchisee may not open its All American Pet Resorts® Business, and the Operating Term will not commence, until: (1) Franchisor notifies Franchisee in writing that all of Franchisee's obligations have been fulfilled; (2) the initial training program has been completed to Franchisor's satisfaction; (3) all amounts due to Franchisor have been paid; (4) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 13, or other documentation of insurance coverage and payment of premiums that Franchisor may request; (5) Franchisee notifies Franchisor that all approvals and conditions set forth in this Agreement have been met; (6) Franchisee has obtained all necessary permits and licenses; (7) Franchisee has provided Franchisor with a fully executed copy of the Lease for Franchisee's Pet Resort negotiated in accordance with the terms of Section 9.2(b); and, (8) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor. Franchisee will begin operating the All American Pet Resorts® Business immediately after Franchisor determines that the All American Pet Resorts® Business is ready for opening.

10. PURCHASE OF EQUIPMENT, INVENTORY AND SUPPLIES.

10.1 Franchisee must purchase all Products, Services, equipment, tools, inventory, supplies and hardware and from Franchisor's designated or approved suppliers, manufacturers and distributors. The standards and specifications for equipment, computer hardware and software, camera equipment, inventory, tools, signage, supplies, Training Facilities, Services and Products required by Franchisor shall be maintained in the Brand Manual or otherwise provided to Franchisee. Franchisor has the right to require Franchisee to discontinue purchasing any Products, Services, equipment, tools, inventory, supplies, hardware or software from a designated or approved supplier, manufacturer or distributor and may designate and approve new suppliers, manufacturers or distributors at any time.

10.2 Franchisee acknowledges and agrees that Franchisor may receive from designated and approved suppliers of Franchisee's Products, Services, equipment, tools, inventory, supplies and hardware and software, periodic volume rebates or other revenue as a result of Franchisee's purchases. Franchisee further acknowledges and agrees that Franchisor shall be entitled to keep for its own use and account such rebates and revenue so long as such rebates and revenue do not cause Franchisee to pay a higher price for the same Products, Services, equipment, tools, inventory, supplies and hardware and software, than the price charged by similarly situated suppliers.

10.3 The names of Franchisor's designed and approved suppliers, manufacturers and distributors shall be maintained in the Brand Manual. Franchisor reserves the right to approve all of the Products, supplies, Services, equipment, tools, inventory, hardware and software used in connection with Franchisee's All American Pet Resorts® Business.

10.4 If Franchisee desires to utilize any Services or Products that Franchisor has not approved (for services and products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the service or product complies with its standards and specifications, or whether the supplier meets its criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve a service, item or supplier. Franchisor will decide within a reasonable time (usually 30 days but in any event within 60 days) after receiving the required information whether Franchisee may purchase or lease such services or items or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

11. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS.

11.1 Franchisee acknowledges and agrees that:

(a) Franchisor is the owner of all right, title and interest, together with all the goodwill of the Marks. Franchisee further acknowledges that the Marks designate the

origin or sponsorship of the System, the All American Pet Resorts® Business, and the Products and Services, and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the Marks or in association with the All American Pet Resorts® Business ("Copyrighted Materials") are the property of Franchisor. Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are works made for hire within the meaning of the United States Copyright Act and are the property of Franchisor, who shall be entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Section 11.1(b).

(c) Franchisee will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or Franchisor's ownership of the Marks or Copyrighted Materials, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of the Marks or Copyrighted Materials, nor will it represent that it has any right, title, or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor may decide to apply to register or to register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products and other products

and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

(g) FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS. Franchisor is the owner of certain trademarks registered with the United States Patent and Trademark Office. Notwithstanding the foregoing, if Franchisee is required by Franchisor to use one or more substitute trademarks or copyrighted materials, then Franchisor will reimburse Franchisee for the costs of such compliance in accordance with Section 11.3(a).

11.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may use the Marks and Copyrighted Materials only in its operation of the All American Pet Resorts® Business and only in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Brand Manual and elsewhere from time to time during the Operating Term and any Interim Period. Franchisee will make every effort consistent to protect, maintain, and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to the Marks and Copyrighted Materials.

(c) Franchisee will not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its All American Pet Resorts® Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's All American Pet Resorts® Business and operating procedures pursuant to Section 9.5.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the

goodwill attached to the Marks, nor counsel, procure, or assist anyone else to do the same.

(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, invoices, stationery, and promotional items such as clothing, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as provided in the Brand Manual and otherwise given by Franchisor from time to time.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the Products and Services:

> © (year of first publication). All American Pet Resorts, LLC, All Rights Reserved.

(h) Franchisee will use the Marks with a superscript "®" or "™", as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

11.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor's reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the All American Pet Resorts® Business will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time for Franchisor to modify or discontinue of the Marks or Copyrighted Materials then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use 1 or more additional or substitute trade names, trademarks, service marks or other commercial symbols or copyrighted materials. Franchisee shall be responsible for the costs of compliance with this requirement (including but not limited to the cost of printing new letterhead and business cards). Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Marks or Copyrighted Materials.

(b) Franchisee shall notify Franchisor within three (3) days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks or Copyrighted Materials and shall exercise such

right as Franchisor deems appropriate. Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation.

11.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

11.5 If Franchisee during the Operating Term of the franchise relationship or any Interim Period, conceives or develops any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the All American Pet Resorts® Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the All American Pet Resorts® Business or any advertising and promotional ideas or inventions related to the All American Pet Resorts® Business (collectively, the "Improvements"), Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

12. ADVERTISING AND PROMOTION.

12.1 Franchisee acknowledges that local advertising is required to advise the public of the All American Pet Resorts® Business. Prior to the first day of the fourth month of the Operating Period, Franchisee will spend a total of $15,000 on promotional advertising within the Territory ("Start-Up Advertising Period"). Upon the expiration of the Start-Up Advertising Period, and during the remaining Operating Term and any Interim Period, Franchisee shall spend a minimum of 1.0% of the Gross Revenues for the preceding month or $1,000 per month, whichever is greater ("Individual Advertising Expense"), for advertising and promotion within the Territory. Franchisee may not advertise outside its territory without Franchisor's approval.

12.2 During the Operating Term and any Interim Period, Franchisee shall furnish Franchisor an accounting of Franchisee's previous month's expenditures for advertising and promotion on a form approved by Franchisor.

12.3 Franchisor will make available to Franchisee all advertising and promotion materials for the All American Pet Resorts® Business which are issued by Franchisor, to the extent available. Franchisee may not develop advertising materials for use in the All American Pet Resorts® Business without Franchisor's written approval. If Franchisor approves the advertising materials prepared by Franchisee, Franchisor may make available to other franchisees such advertising and promotion materials. All advertising must include the following statement: "Franchises Available." Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

12.4 Franchisor has formed a national marketing fund ("Brand Development Fund"). On or before the 10th day of each month beginning on the first day of the fourth month of the Operating Term, Franchisee shall remit (via EFT) 2% of the Gross Revenues for the preceding month or portion thereof to Franchisor ("Brand Development Fee"). Franchisor may increase the Brand Development Fee as provided in this Section 12.4(f) and will provide Franchisee with 30 days prior notice before increasing the Brand Development Fee. No action taken by Franchisee shall diminish Franchisee's obligations to pay the Brand Development Fee to the Brand Development Fund. The Brand Development Fee is in addition to Franchisee's obligations in Section 12.1.

(a) Advertising materials and services will be provided to Franchisee through the Brand Development Fund. Franchisor may occasionally provide for placement of advertising, development of promotional materials, and undertaking public relations activities on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not include Franchisee, through the Brand Development Fund. Franchisor reserves the right to use the Brand Development Fee from the Brand Development Fund to place advertising in national media or regional media (including broadcast, print or other media) in the future. Franchisee acknowledges that the Brand Development Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend Brand Development Funds on Franchisee's behalf or benefit or expend Brand Development Funds equivalent or proportionate to Franchisee's Brand Development Fees on Franchisee's behalf or benefit.

(b) The Brand Development Fund will be used to promote the System, Services and/or Products sold by Franchisees and will not be used to sell additional franchises, provided all advertisements shall include the phrase "Franchises Available." Franchisor's accounting and marketing personnel or a representative designated by Franchisor will administer the Brand Development Fund. The Brand Development Fund will collect Brand Development Fees from all franchisees. All payments to the Brand Development Fund must be spent on advertising, public relations, market research, promotion, marketing of goods and services provided by Franchisor, outside vendors, including but not limited to marketing agencies, and administration of the Brand Development Fund, including but not limited to, salaries, overhead, administrative, accounting, collection and legal costs and expenses. The Brand Development Funds will be maintained by Franchisor in a separate account. An annual un-audited financial statement of the Brand Development Fund, at the expense of the Brand Development Fund, will be available 120 days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

(c) The Brand Development Fees collected by the Brand Development Fund are non-refundable. The Brand Development Fund may be terminated at any time by Franchisor. In the event that the Brand Development Fund is terminated, any remaining balance in the Brand Development Fund will be expended as provided for in Section 12.4(b) or returned to Franchisee on a pro-rata basis.

(d) Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Individual Advertising Expense obligations set forth in Section 12.1.

(e) Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the Brand Development Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the Brand Development Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the Brand Development Fund and all related matters are governed solely by this Agreement and neither this Agreement or the Brand Development Fund creates a trust, fiduciary relationship, or similar arrangement.

(f) When Franchisor establishes a franchisee advisory council (the "FAC"), Franchisor will consult with and seek the advice of the FAC regarding the administration of Brand Development Fund, changes in the Brand Development Fee and the format for marketing and promotional campaigns conducted by the Brand Development Fund or directly by franchisees. Franchisor, however, is not obligated to follow such advice, but will not increase the Brand Development Fee without the approval of the FAC. The FAC will be composed members of Franchisor's senior management and franchisee representatives. It is Franchisor's intention that franchisee representatives are elected by Franchisees; provided, however, that until there are a sufficient number of franchisees in the System, Franchisor may appoint Franchisee representatives to the FAC. Franchisor must approve the number of meetings to be held by the FAC and the procedures under which the FAC will operate.

(g) If no FAC is established and active, Franchisor may increase the Brand Development Fee to 3% upon ninety (90) days' notice to Franchisee.

12.5 From time to time, Franchisor may designate a local, regional or national advertising coverage area in which Franchisee's All American Pet Resorts® Business and at least one (1) other All American Pet Resorts® Business is located for purposes of developing a cooperative local, regional or national advertising or promotional program ("Advertising

Coverage Area"). Franchisee agrees to participate in and contribute its share to such cooperative advertising and promotional programs in Franchisee's Advertising Coverage Area in addition to such contributions and expenditures as required pursuant to Section 12.1 herein. The cost of the program shall be allocated among locations in such area and each Franchisee's or Franchisor Affiliate-owned All American Pet Resorts® Business's share shall be in proportion to its sales during the preceding twelve (12) month period, or portion of said period. Said contributions to cooperative advertising promotional programs shall be credited toward the local advertising and promotional expenditure required by Section 12.1, up to a maximum of 3% of Franchisee's Gross Sales. Advertising Coverage Area shall be defined as the area covered by the particular advertising medium (television, radio or other medium) as recognized in the advertising industry. Franchisor may establish regional advertising councils ("Advertising Councils") to administer the cooperative advertising program which shall be comprised of Franchisor, franchisees in the Advertising Coverage Area, and Franchisor Affiliate-owned All American Pet Resorts® Businesses. At the time a program is designated, Franchisor shall submit a list to Franchisee of all operating All American Pet Resorts® Franchises and Franchisor Affiliate-owned All American Pet Resorts® Businesses within Franchisee's Advertising Coverage Area.

12.6 From time to time, Franchisor may establish regional advertising councils to administer the cooperative advertising program which will be comprised of Franchisor, franchisees in the Advertising Coverage Area, and company-owned or affiliate-owned All American Pet Resorts® Businesses.

(a) At the time a program is designated, Franchisor will submit a list to Franchisee of all operating All American Pet Resorts® Businesses (including company-owned and affiliate-owned outlets) within Franchisee's Advertising Coverage Area. Franchisor will determine in advance how each Council will be organized and governed, who will administer it, and when it must start operation. If a Council has been established for an Advertising Coverage Area where Franchisee's All American Pet Resorts® Business is located when this Agreement is signed, or if any Council is established during the term of this Agreement, Franchisee must become a member of the Council and abide by the rules of the Council. Franchisor reserves the right to form, change, dissolve or merge any Council.

(b) If Franchisor has established a Council for Franchisee's Advertising Coverage Area, Franchisee must contribute to the Council the amounts required by its written governing documents. All contributions to the Council will be maintained and administered in accordance with the written documents governing the Council. If there are company-owned and affiliate-owned outlets in Franchisee's Advertising Coverage Area offering products and services similar to the All American Pet Resorts® Business, they will make contributions to the Council equal to the contributions required of the All American Pet Resorts® Businesses within that area. The Council will be operated solely as a conduit for collecting and spending cooperative fees for the purposes outlined above. The Council may not use any advertising or promotional plans or materials without Franchisor's prior approval.

(c) The amount of contribution, and whether other franchisees must contribute the same amount or at the same rate, will be determined by the members of the Council,

subject to Franchisor's approval. Franchisor anticipates that each member will have one vote for each All American Pet Resorts® Business operated by the member within the Advertising Coverage Area subject to the Council. Franchisee will be obligated by the Franchise Agreement to pay any increased contributions even if Franchisee votes against the increase. Each Council will have to prepare an annual financial statement reporting its expenditures for the previous year to its members. If a Council is established, Franchisor will provide Franchisee with a copy of the governing documents and its financial statements.

13. INSURANCE AND INDEMNITY.

13.1 Franchisee shall, upon commencement of the Operating Term, purchase and at all times maintain in full force and effect:

(a) Insurance policies, in such amounts and on such terms, as prescribed by the Brand Manual, issued by an insurance company acceptable to Franchisor at all times during the Operating Term of this Agreement and any Interim Period. Insurance coverage must include, but is not limited to, comprehensive general liability, combined single limit, automobile, bodily injury and all-risk property damage insurance and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Brand Manual and adjusted by Franchisor periodically, unemployment and workers compensation insurance and any other additional insurance required by the terms of any Lease or lender for the All American Pet Resorts® Business. Insurance policies must insure Franchisee, Franchisor, Franchisor's Affiliates, and Franchisor's and Franchisor Affiliates' respective officers, directors, shareholders, members and all other parties designated by Franchisor, as additional named insureds against any liability which may accrue against them because of the ownership, maintenance or operation by Franchisee of the All American Pet Resorts® Business. The policies must also stipulate that Franchisor shall receive a 30 day prior written notice of cancellation and must contain endorsements by the insurance companies waiving all rights of subrogation against Franchisor. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Franchisor, including original endorsements affecting the coverage required by this Section, shall be furnished to Franchisor together with proof of payment within 10 days of issuance thereof. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing such insurance coverage within 10 days after each of the following events: (i) at all policy renewal periods, no less often than annually; and, (ii) at all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies. In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within

5 days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 18 of this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law. Franchisor reserves the right to modify minimum insurance requirements at any time by updating the Brand Manual.

(b) All liability insurance policies procured and maintained by Franchisee in connection with the All American Pet Resorts® Business will require the insurance company to provide and pay for attorneys to defend any legal actions, lawsuits or claims brought against Franchisee, Franchisor, Franchisor's Affiliates and their respective officers, directors, agents, employees, and all other entities or individuals designated by Franchisor as additional insureds.

13.2 Franchisee shall, during the Operating Term and any Interim Period and after the termination or expiration of the Franchise Agreement, indemnify and defend Franchisor, its Affiliates and their respective officers, directors and employees, and hold them harmless against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (collectively, "Damages") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

(a) a breach of this Agreement, or any other agreement between the parties, or any breach of a Lease or other instrument by which the right to occupy any Pet Resort or any other premises used by Franchisee to operate the All American Pet Resorts® Business is held, by Franchisee;

(b) any injury to, or loss of property of, any person in, or on, the Pet Resort or any other premises used by Franchisee to operate the All American Pet Resorts® Business;

(c) Franchisee's taxes, liabilities, costs or expenses of its All American Pet Resorts® Business;

(d) any negligent or willful act or omission of Franchisee, its employees, agents, servants, contractors or others for whom it is, in law, responsible; and

(e) any advertising or promotional material distributed, broadcasted or in any way disseminated by Franchisee, or on its behalf, unless such material has been produced, or approved in writing, by Franchisor.

13.3 Franchisor Indemnification. So long as Franchisee is not in default of this Franchise Agreement, Franchisor will indemnify, defend and hold Franchisee harmless from all

Damages from third party claims or demands for which Franchisee is held liable, by a final unappealable ruling issued by a court or arbitrator with competent jurisdiction, and such court or arbitrator determines that such Damages were in fact incurred by Franchisee directly and solely from Franchisor's gross negligence or intentional misconduct when performing Franchisor's support services under this Agreement to Franchisee. Notwithstanding the foregoing, this indemnification will not apply to claims based on Damages that relate to theories of vicarious liability, including agency, apparent agency or joint employment or Franchisor's failure to compel Franchisee to comply with this Agreement. For purpose of this Section 13.3 "Damages" means losses, costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind.

14. RELATIONSHIP.

14.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training or supervision given by, or assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. Franchisee shall conspicuously identify itself in all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the All American Pet Resorts® Business being conducted from the All American Pet Resorts® Business location. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

14.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or an behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's All American Pet Resorts® Business, whether caused by Franchisee's negligent or willful action or failure to act.

14.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Revenues, income, property or other tax levied upon Franchisee,

Franchisee's property, the All American Pet Resorts® Business or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

15. RESTRICTIVE COVENANTS.

15.1 Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the All American Pet Resorts® Business, the System, and the concepts and methods of promotion franchised hereunder that it has now or obtains in the future is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.

(b) During the Operating Term and any Interim Period, Franchisee, and Franchisees' owners, Designated Business Managers, and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring employees, Designated Business Managers, training class attendees, and Franchisee owners who have access to the Confidential Information and Trade Secrets to execute such nondisclosure and non-competition agreements as Franchisor may require periodically, and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be named as a third party beneficiary on such nondisclosure and non-competition agreements.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisee's owners, Designated Business Managers and employees who have access to the Confidential Information and Trade Secrets agree that for a period of three (3) years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Section 15.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring written non-disclosure and non-competition agreements for those individuals as Franchisor may require and provide Franchisor, at Franchisor's request, with signed copies of each of those

agreements. Franchisor will be named as a third party beneficiary on such nondisclosure and non-competition agreements.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Business Managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

15.2 Franchisee covenants and agrees that:

(a) During the Operating Term of this Agreement and any Interim Period thereof, Franchisee, its owners and Designated Business Managers shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with any business offering professional pet boarding, daycare or grooming services or any business similar to the All American Pet Resorts® Business ("Competitive Business") as carried on from time to time during the Operating Term of this Agreement, including any Interim Period thereof.

(b) Upon termination or expiration of the Operating Term or any Interim Period, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee, the Designated Business Manager or Franchisee's owners will have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for 3 years, in any Competitive Business in: (1) the Territory or any other franchisee's territory; (2) within 100 miles of the Territory or any other franchisee's territory; or (3) within 100 miles of any Franchisor or Affiliate owned All American Pet Resorts® Business.

15.3 During the Operating Term (including any Interim Period) of this Agreement and for a period of three (3) years thereafter, Franchisee, Franchisee's owners, and the Designated Business Manager shall not attempt to attain an unfair advantage over other franchisees or Franchisor or any Affiliates thereof by soliciting or accepting applications for employment from any person who is, at the time of such solicitation or application, employed by Franchisor, other franchisees or any Affiliates, nor shall Franchisee directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

15.4 If any person restricted by this Section 15 refuses to voluntarily comply with the foregoing obligations, the three (3) year period will commence with the entry of any order of a court or arbitrator enforcing this Section 15.

15.5 The parties have attempted in Section 15.2 above to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 15.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 15.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.

15.6 Nothing in this Section 15 shall prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, provided that Franchisee or any member of Franchisee's family is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

15.7 Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section 15. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section 15 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right, without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

15.8 In the event that Franchisee is not an individual, this Section 15 will also apply to the officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of Franchisee, Franchisee, and any persons controlled by, controlling or under common control with Franchisee.

16. ASSIGNMENT.

16.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right to unconditionally transfer or assign this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party.

16.2 Franchisor reserves the right to assign the franchise System to anyone including the operator of a competing franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

16.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

16.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the All American Pet Resorts® Business and any shares, stock, membership or interest in any corporation, limited liability company, or other entity having an interest in the All American Pet Resorts® Business, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in part, in any manner whatsoever without the prior written approval of Franchisor (which approval will not be unreasonably withheld or delayed) and in compliance with all terms of this Section 16. In the event of a transfer, the transferee must spend a total of $15,000, or less as may be approved by Franchisor in its sole discretion, on promotional advertising within the Territory during the first ninety (90) days after the transfer occurs. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor. Franchisee shall be responsible for paying all expenses, including without limitation, attorney's fees, incurred by Franchisor in association with any improper transfer by Franchisee.

16.5 With and after each valid assignment of this Agreement pursuant to this Section 16, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any partnership which becomes Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

16.6 If Franchisee shall at any time determine to sell, in whole, the All American Pet Resorts® Business, Franchisee shall obtain a bona fide, executed, written offer for the All American Pet Resorts® Business together with all real or personal property, leasehold improvements and other assets used by Franchisee in its All American Pet Resorts® Business ("Purchase Offer") from a responsible, arms' length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first refusal to purchase the All American Pet Resorts® Business as provided in Section 17.

16.7 The proposed transferee must follow the same application procedures as a new franchisee and must meet and satisfy the same standards of character, business experience, credit standing, health, financial strength and any other criteria then used by Franchisor for new franchisees. No transfer or assignment of this Agreement will be approved by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) Franchisee being then in full compliance herewith and paying to Franchisor all outstanding debts or amounts owing to Franchisor and any Affiliates or suppliers of Franchisor;

(b) the transferee executing Franchisor's then-current form franchise agreement (which, as Franchisor may determine, may have terms equal to the remainder of Franchisee's Operating Term, or may include a new full length Operating Term, but which may otherwise contain provisions substantially different from those contained herein, including a higher royalty and greater expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises), all other documents as may be reasonably requested by Franchisor;

(c) Franchisee paying Franchisor's then current non-refundable transfer fee ("Transfer Fee") (which is $10,000 as of the date of this Agreement but may be changed at any time by Franchisor), such Transfer Fee applies regardless of the percentage of ownership transferred and regardless of whether the ownership interest is transferred to a family member of Franchisee's owners;

(d) Franchisee's execution of a general release of Franchisor, including its officers, directors, agents and employees and Affiliates from such parties' obligations under the Agreement;

(e) the transferee purchasing all of Franchisee's assets used in the All American Pet Resorts® Business in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the All American Pet Resorts® Business unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(f) the transferee shall be an individual, corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor's then-current training program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System, or (ii) the transferee is or has been a Designated Business Manager for a period of one (1) year or more of an All American Pet Resorts® Business in good standing;

(g) the parties to the proposed transaction will have entered a binding agreement subject only to the rights of Franchisor set out in Section 17. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to

Franchisor's approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(h) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, providing jointly and severally such personal guarantees as Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into;

(i) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her full time and best efforts to the operation of the All American Pet Resorts® Business, and any other conditions as Franchisor may reasonably apply in evaluating new franchisees. Franchisor must be provided all information about the proposed transferee as Franchisor may reasonably require. Because of the confidential information and trade secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted; and

(j) the Franchisee paying all costs of Franchisor (in addition to the transfer fee) with respect to (i) the granting of its approval, as hereinbefore contemplated, including but not limited to all of its legal costs with respect to the preparation and execution of the above noted Franchise Agreement, and all other documents then customarily used by Franchisor to grant franchises as well as review and analysis of any documentation or issues relating to the underlying proposed transaction; and (ii) the transfer, including but not limited to all professional fees (attorney's fees, broker fees, and the like), leasing expenses, document preparation costs and due diligence. A deposit of $2,500 is due and payable with the transfer request. Franchisor will provide Franchisee with a written invoice for such expenses.

(k) the proposed transferee agrees to expend at least $15,000 in grand re-opening advertising, or less as may be approved by Franchisor in its sole discretion. Franchisees obligation to pay these costs or expenses are not dependent upon whether the transfer is approved, and Franchisor may require Franchisee to deposit funds in advance of performing services related to transfer. All invoices for costs and expenses incurred must be paid within fifteen (15) days of receipt of invoice from Franchisor.

16.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor (including the obtaining of all necessary approvals to the assignment of leases, if any, of the Pet Resort), consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor under seal, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or interest in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or interest or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The corporation shall maintain stop transfer instructions against the transfer of shares or membership interests on its records subject to the restrictions of this Section and shall have all outstanding shares or membership interest certificates endorsed with the following legend printed conspicuously upon the face of each share or certificate:

> The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with All American Pet Resorts, LLC. Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this corporation.

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the All American Pet Resorts® Business as provided for in this Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor's consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons

financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the All American Pet Resorts® Business unless it has an operational partner or Designated Business Manager approved by Franchisor.

16.9 Upon the death of Franchisee, shareholder, partner, or member, the rights granted by this Agreement may pass to the next of kin or legatees, provided that Franchisee's legal representatives shall within sixty (60) calendar days of Franchisee's death apply in writing to Franchisor for the right to transfer to the next of kin or legatee Franchisee's rights under this Agreement. Franchisor shall not unreasonably withhold its permission so long as the proposed transferees meet each of the requirements set forth in this Section 16 within 30 days of the receipt of a conditional permission for the transfer.

16.10 Any attempt by Franchisee to transfer any of its rights or interest under this Agreement or the License, without having received Franchisor's prior written consent, will constitute a material breach of this Agreement. However, if Franchisee dies and its personal representative does not desire to sell the All American Pet Resorts® Business, and if under controlling local law Franchisee's interest in the All American Pet Resorts® Business, the License and Agreement are distributable to heirs or legatees who are members of his or her immediate family and who otherwise would qualify as assignees, then such attempted assignment by operation of law will not be deemed in violation of this Agreement, provided that such heirs or legatees accept the conditions imposed on otherwise permitted assignees.

16.11 Franchisee shall not have the right to grant a subfranchise.

17. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL.

17.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

(a) The expiration without the extension of Franchisee's rights to operate the All American Pet Resorts® Business or the termination for any reason of the License or this Agreement;

(b) Any breach, default or other event that gives Franchisor the right to terminate the License or this Agreement, after expiration of any applicable notice and cure period; or

(c) The receipt by Franchisor of a copy of a Purchase Offer. This provision does not modify the rights and obligations under Section 16.

17.2 Upon any event described in Section 17.1, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the All American Pet Resorts® Business, and all its improvements, furniture, fixtures, equipment and Products, and all of Franchisee's accounts, contract rights, customer and vendor lists, work in progress and other business assets.

Nothing in this Section is meant to modify any rights or obligations under Section 16 of this Agreement.

17.3 The purchase price for the assets itemized in Section 17.2 will be, subject to Section 17.4: (i) the current fair market value if Section 17.1(a) or 17.1(b) is applicable; or (ii) the price specified in the Purchase Offer received by Franchisee if Section 17.1(c) is applicable. If Franchisee and Franchisor cannot agree on fair market value within 30 days, Franchisor will select an appraiser to determine the fair market value of the assets. If Franchisee rejects the fair market value determination made by Franchisor's designated appraiser, Franchisee may, within 10 days of receiving the appraisal, select its own appraiser to determine the fair market value of the assets. Within 10 days of receiving the appraisal from Franchisee's designated appraiser, Franchisor will have the right to rescind its offer to purchase the assets. If the appraisals set by the two appraisers differ by 10% or less, the fair market value of the assets will be the average of the two appraisals. If, however, the appraisals set by the two appraisers differ by more than 10%, Franchisor and Franchisee will have 10 days to reach an agreement regarding the fair market value of the assets. If an agreement cannot be reached within the 10 day time period, the two appraisers will select a third appraiser to determine the fair market value of the assets. Unless Franchisor rescinds its offer to purchase within 10 days of receiving the third appraisal, the amount set by the third appraiser will be conclusive and binding on Franchisor and Franchisee. Franchisor and Franchisee will each be responsible for all costs associated with the appraiser they select. The cost for the third appraiser will be paid by the party whose designated appraiser's appraisal was the furthest away from the third appraiser's appraisal.

17.4 If Franchisor elects to exercise any option to purchase provided in this Section 17, Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisee shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

17.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("Notice of Intent") within sixty (60) days following an event described in Section 17.1(a) or 17.1(b) or within thirty (30) days following an event described in Section 17.1(c). The Notice of Intent will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Section 17.1(a) or 17.1(b) is applicable. In the event Franchisor is purchasing the assets pursuant to Sections 17.1(a) or 17.1(b), Franchisee will have 14 days following receipt of Franchisor's Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Section 17.3. If Franchisor declines to exercise its rights under this Section within the thirty (30) or sixty (60) day period described above, as applicable, Franchisee may thereafter sell or dispose of the All American Pet Resorts® Business to any third party in the event of a sale under Section 17.1(a) or 17.1(b) or to the third party identified in the Purchase Offer in the event of a sale under Section 17.1(c), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 16. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the

Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal provided in this Agreement.

17.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 17, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Sections 17.1(a) or 17.1(b), following the delivery of a Notice of Intent as specified in Section 17.5, Franchisor or Franchisor's designee shall have the immediate right to take possession of the All American Pet Resorts® Business and to carry on and develop the All American Pet Resorts® Business for the exclusive benefit of Franchisor or its designee.

18. DEFAULT AND TERMINATION.

18.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder (subject to the provisions of applicable state law governing franchise termination and renewal), effective upon receipt of notice by Franchisee, addressed as provided in Section 19, upon the occurrence of any of the following events:

(a) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Brand Manual, Confidential Information or Trade Secrets of Franchisor;

(b) Franchisee voluntarily abandons, or otherwise ceases to operate, the All American Pet Resorts® Business for a period of 5 consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the All American Pet Resorts® Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(c) Franchisee becomes insolvent or is adjudicated bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee; or fails to pay debts as they come due in the general course of business;

(d) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedes or other appeal bond has been filed); or if execution is levied against Franchisee's All American Pet Resorts® Business or any of the property used in the operation of the All American Pet Resorts® Business and is not discharged within 10 days; or if the real or personal property of Franchisee's All American Pet Resorts® Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(e) Franchisee or any owner of greater than 20% of Franchisee entity or operator is charged or convicted of a felony, a crime involving moral turpitude, or any

crime that is reasonably likely, in Franchisor's business judgment, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(f) Franchisee fails to pay any amounts due Franchisor or Affiliates within 10 days after receiving notice that such fees or amounts are overdue;

(g) Franchisee fails or refuses to comply with any System Standard relating to the cleanliness or sanitation of the Pet Resort and does not correct such failure or refusal within five (5) days, unless such failure or refusal relates to a violation of any health, safety or sanitation law, ordinance or regulation, in which case such failure or refusal to comply with such System Standard within 72 hours after written notice thereof is delivered to Franchisee;

(h) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from Franchisor;

(i) Franchisee has (i) failed to obtain an Approved Location within 12 months after the date of this Agreement or (ii) failed, after diligent pursuit, to obtain the applicable licenses required by the state and local government to operate an All American Pets Resorts Business at the intended Pet Resort within 12 months of executing this Agreement; or Franchisee or its Designated Business Manager has failed to complete the training program to the satisfaction of Franchisor; or

(j) Franchisee sells, transfers or otherwise assigns the All American Pet Resorts® Business, an interest in the All American Pet Resorts® Business or Franchisee entity, this Agreement, All American Pet Resorts® or a substantial portion of the assets of the All American Pet Resorts® Business owned by Franchisee without obtaining Franchisor's prior written approval and complying with the all provisions of Section 16;

(k) Franchisee submits on 2 or more occasions during the Operating Term or any Interim Period a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenue by more than 3%, unless Franchisee demonstrates that such understatement resulted from inadvertent error;

(l) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than 5 days late on 2 or more occasions during the Operating Term or any Interim Period unless due to circumstances beyond the control of Franchisee;

(m) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the Marks or under a name or mark which is confusingly similar to the Marks;

(n) Franchisee contests in any court or proceeding the validity of or Franchisor's ownership of the Marks or copyrighted materials, however, Franchisee shall not be in breach of this provision in the event Franchisee is compelled by a court of

competent jurisdiction to provide testimony, or the like, or any other type of documentation relating to an unaffiliated third party contest or proceeding challenging the validity of Franchisor's ownership of the Marks or copyrighted materials;

(o) If Franchisee is a corporation, limited liability company, partnership or other business entity, any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent;

(p) Franchisee receives from Franchisor during the Operating Term and any Interim Period 3 or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee; or

(q) Any misrepresentation under Section 2.9 or any violation of Anti-Terrorism Laws by Franchisee, its Designated Business Manager, its owners, agents or employees.

18.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30 day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Brand Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee fails or refuses to comply with the then-current requirements of the Brand Manual;

(d) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest, defaults under any term of the Lease of the Pet Resort or any other premises used by Franchisee to operate the All American Pet Resorts® Business, any other franchise agreement with Franchisor or any other agreement material to the All American Pet Resorts® Business and such default is not cured within the time specified in such Lease, other franchise agreement or other agreement;

(e) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Royalty Fee or Individual Advertising Expense or any other report required under the Agreement when due;

(f) Franchisee fails, refuses or neglects to accurately report Gross Revenues, sales information or other information required by Franchisor to be reported; or

(g) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee.

18.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days.

18.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

18.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

18.6 Franchisee agrees to pay within 5 days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the landlord of the Pet Resort or other premises used in the All American Pet Resorts® Business (if applicable) and Franchisee's trade and other creditors which are then unpaid.

18.7 All royalty and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

18.8 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another Franchise

Agreement with Franchisor, respecting another franchised All American Pet Resorts® Business using the Marks, or any other agreement with Franchisor, a default under this Agreement shall constitute a default under such other Franchise Agreement and vice versa, with like remedies available to Franchisor. Should such other Franchise Agreement cease to be valid, binding and in full force and effect for any reason, then Franchisor may, at its option, terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated, and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, Franchisor may at its option terminate the other Franchise Agreement and the other Franchise Agreement shall be forthwith surrendered and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

18.9 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Brand Manual, and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Brand Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the All American Pet Resorts® Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Brand Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, facsimile numbers and Internet addresses used in the operation of the All American Pet Resorts® Business constitute assets of Franchisor, and upon termination or expiration of this Agreement, Franchisee shall take such action within 5 days to cancel or assign to Franchisor or its designee as determined by Franchisor, all Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number, facsimile number, and Internet and e-mail addresses, and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone numbers, facsimile numbers, directory listings and Internet addresses used by Franchisee to promote the All American Pet Resorts® Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such

directions and authorizations as may be necessary or prudent to accomplish the foregoing. Attachment E evidences such appointment;

(d) Make no representation nor state that Franchisee is in any way approved, endorsed or licensed by Franchisor or associated or identified with Franchisor or the System in any manner;

(e) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(f) Provide Franchisor the option to purchase as set forth in Section 17; and

(g) Comply with the provisions of Sections 11.1(c), 11.1(d) and 15 and the Non-Disclosure and Non-Competition Agreement, including without limitation the non-competition obligations therein.

18.10 If, within 30 days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the All American Pet Resorts® Business, which are identified or associated with the System, Franchisor may enter the All American Pet Resorts® Business to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

18.11 If, within 30 days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

18.12 Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, or that Franchisee may have against Franchisor, whether such claims or rights arise before or after termination or expiration.

18.13 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Sections 11, 13, 15 and 17, hereof shall survive termination or expiration of this Agreement.

18.14 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("Loan") or the holder of any promissory note ("Note") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("Security Interest") from Franchisee concerning assets used at any time by Franchisee in the All American Pet Resorts® Business or

which are situated on the All American Pet Resorts® Business premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

18.15 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

18.16 In the event of termination of the Agreement for any reason whatsoever the parties shall accept the default remedies contained herein as full and final satisfaction of all claims. The parties waive, to the extent permitted by law, any claim against the other for punitive or exemplary damages; except for such punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, unauthorized dissemination of the Confidential Information or Trade Secrets or arising under the indemnification set out in Section 12.

18.17 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

18.18 Nothing herein shall prevent Franchisor or Franchisee from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for Franchisor to seek preliminary or permanent injunctive relief, Franchisor may do so without a bond.

18.19 THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

19. NOTICES.

19.1 Any notice of default under this Agreement shall be delivered personally, by courier, or via e-mail to the appropriate location as designated below. Any other notice, request, demand, approval, consent or other communication which the parties hereto may be required or permitted to be given hereunder shall be in writing and may be given to the party for whom it is intended by personal delivery, facsimile transmission or delivering it to such party by mailing it by prepaid registered mail, or by recognized overnight delivery or courier services, in the case of Franchisor to:

Notices to Franchisor:

ALL AMERICAN PET RESORTS, LLC
39555 Orchard Hill Place, Suite 600
Novi, MI 48375
Attention: Executive Vice President
AllAmericanPetResorts.com

With a Copy to:
(which shall not constitute notice)

Earsa R. Jackson, Esq.
Clark Hill Strasburger
901 Main Street, Ste. 6000
Dallas, Texas 75202
earsa.jackson@clarkhillstrasburger.com

Notices to Franchisee:

_____
_____
_____
_____

Any such notice or other document delivered personally or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by and given to the addressee on the 3rd business day following the date of mailing, and any delivery made by recognized overnight courier services shall be deemed to be delivered the next business day. Any party may at any time give notice in writing to any other party of any change of address.

20. **DISPUTE RESOLUTION.**

20.1 The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. Franchisor may provide a procedure for internal dispute resolution as set forth in the Brand Manual, and the parties acknowledge and agree that Franchisor may revise this procedure periodically.

20.2 To protect from violations that would cause immediate loss and damages, Franchisor and Franchisee shall each have the right to seek from a state or federal court located in Livingston County, Michigan, as more fully set forth in Section 21.1:

(a) injunctive relief and any related incidental damages;

(b) an action for disputes or claims related to or based on the Marks;

(c) enforcement of a covenant not to compete; and

(d) issues related to the disclosure of or misuse of Confidential Information or Trade Secrets.

20.3 The parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Franchise Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, shall be determined and shall be resolved by binding arbitration (and not by litigation, except with respect to the enforcement of an arbitrator's decision) in accordance with the following:

(a) Such arbitration shall be conducted before a single Qualified Arbitrator in the Brighton, Michigan area in accordance with then Commercial Arbitration Rules of

the American Arbitration Association (or any successor organization) ("AAA") for expedited procedures ("Expedited Procedures"). The term "Qualified Arbitrator" shall mean a person who has at least ten (10) years' experience in a calling reasonably connected with the subject matter of the arbitration and shall be a disinterested and impartial person of recognized competence.

(b) The party seeking arbitration shall deliver written notice thereof (such notice, an "Arbitration Notice") to the other party (which notice, if so delivered, shall also be deemed to constitute notice thereof to the Company) of such party's desire and election to enter into arbitration to resolve the dispute in question; which notice shall include a brief statement of the nature of the dispute and the relief being sought.

20.4 Within thirty (30) days after the giving of an Arbitration Notice, the parties shall attempt to select a Qualified Arbitrator to resolve the dispute described in the Arbitration Notice. If the parties have not resolved the dispute in question or agreed on a single Qualified Arbitrator within said thirty (30) day period, then any disputing party (including the party who delivered the Arbitration Notice) may apply to the local office of the AAA to appoint a Qualified Arbitrator in accordance with the Expedited Procedures to decide the dispute raised in the Arbitration Notice or if the AAA shall not then exist or shall fail, refuse or be unable to act such that the Qualified Arbitrator is not so appointed by the AAA within thirty (30) days after application therefor, then any disputing party (including the party who delivered the Arbitration Notice) may apply to the federal court located in Livingston County, Michigan for the appointment of the Qualified Arbitrator.

The arbitration costs may be charged to the losing party or allocated between the parties as may be determined by the Qualified Arbitrator; provided if no such allocation is made by the Qualified Arbitrator, the arbitration costs shall be charged to the losing party.

20.5 Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

20.6 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees. Franchisee agrees not to join or attempt to join other franchisees or licensees.

20.7 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

21. **MISCELLANEOUS.**

21.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other applicable federal law, this Agreement shall be interpreted under the laws of the State of Michigan, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Michigan, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any Franchisee that is not a resident of the State of Michigan the benefit of any Michigan law providing specific protection to franchisees residing or operating in the State of Michigan. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers or directors and Franchisor, its officers, directors, shareholders, members, employees or Affiliates both parties agree that the exclusive venue for disputes between them shall be in the State of Michigan and each waive any objection either may have to the personal jurisdiction of or venue in the State of Michigan. Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to either the jurisdiction or venue in such court.

21.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

21.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees and expenses, court costs and all of the prevailing party's expenses in connection with any action at law or equity, as well as the prevailing party's pre-suit efforts to enforce this Agreement.

21.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's CEO, President or Executive Vice President, except that a waiver need be signed only by the party waiving.

21.5 This Agreement, together with the Brand Manual, any written related agreements, all Exhibits, Attachments, and the State Addenda attached to the Disclosure Document as Exhibit

F, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, the License, the System or All American Pet Resorts® Business. Nothing in this or in any related agreement, however, is intended to disclaim the representations made in the Franchise Disclosure Document Franchisee received.

21.6 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term "Franchisee" as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural and the masculine and neuter usages (where applicable) include the other and the feminine. The term Lease shall include a sublease, and a renewal or extension of a lease or sublease. Time shall be of the essence of this Agreement and of every part thereof.

21.7 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded; if the last day of such period is a non-business day, the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.

21.8 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God ("Force Majeure Event"). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee's obligation to pay Royalty Fees and Brand Development Fees when due. Notwithstanding the foregoing, if there is a Force Majeure Event, Franchisor, may elect to waive the Royalty Fees and Brand Development Fees during the period of delay caused by the Force Majeure Event or such shorter period.

21.9 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, and hereby empowers it to execute such instruments regarding the Marks for and in Franchisee's name in order to give full effect to Sections 11, 13, 16, and 18 of this Agreement. Franchisee hereby declares that the power of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

21.10 This Agreement shall be binding upon, and subject to Section 16 hereof, shall inure to the benefit of, Franchisee's successors and permitted assigns.

21.11 This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee

contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

21.12. From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

22. **ACKNOWLEDGEMENT.**

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

FRANCHISEE ACKNOWLEDGES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT, AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT; AND

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN 5 FULL BUSINESS DAYS, DURING WHICH TIME FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT SAME FOR PROFESSIONAL REVIEW AND ADVICE OF FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE FRANCHISOR'S ALL AMERICAN PET RESORTS® BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE; AND

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE ALL AMERICAN PET RESORTS® BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE ALL AMERICAN PET RESORTS® BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE ALL AMERICAN PET RESORTS® BUSINESS VENTURE; AND

4. FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE; AND

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE ALL AMERICAN PET RESORTS® BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above set forth.

ALL AMERICAN PET RESORTS, LLC

By: _____
Date: _____ Title: _____

FRANCHISEE:

_____

Date: _____

_____
Individually

OR:
(if a corporation or partnership)

_____
Company Name

By: _____
Date: _____ Title: _____

STATE OF _____)
COUNTY OF _____)

Be it remembered, that on this _____ day of _____, 20__, before me, the subscriber, a Notary Public in and for said State, personally appeared _____, _____ of All American Pet Resorts, LLC, a limited liability company. (A business entity whose name is subscribed to and which executed the foregoing instrument, and for himself or herself and as such officer and for and on behalf of said business entity, acknowledged the signing and execution of said instrument, and that the signing and execution of said instrument is his or her free and voluntary act and deed as such officer, and the free and voluntary act and deed of said business entity, for the uses and purposes in said instrument mentioned).

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal on the day and year last aforesaid.

My Commission Expires:

_____ _____
Notary Public

STATE OF _____)
COUNTY OF _____)

Be it remembered, that on this _____ day of _____, 20__, before me, the subscriber, a Notary Public in and for said State, personally appeared _____ to me personally known and known to be the same person whose name is signed to the foregoing instrument, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal on the day and year last aforesaid.

My Commission Expires:

_____ _____
Notary Public

STATE OF _____)
COUNTY OF _____)

Be it remembered, that on this _____ day of _____, 20__, before me, the subscriber, a Notary Public in and for said State, personally appeared _____, president/general partner/managing member of _____, the corporation/partnership/other entity (A business entity whose name is subscribed to and which executed the foregoing instrument, and for himself or herself and as such officer and for and on behalf of said business entity, acknowledged the signing and execution of said instrument, and that the signing and execution of said instrument is his or her free and voluntary act and deed as such officer, and the free and voluntary act and deed of said business entity, for the uses and purposes in said instrument mentioned).

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal on the day and year last aforesaid.

My Commission Expires:

_____ _____

Notary Public

ATTACHMENT A
TO FRANCHISE AGREEMENT

INITIAL FRANCHISE FEE

Initial Franchise Fee – Check one:

☐ First All American Pet Resorts® Business $50,000
$50,000 paid by Franchisee to Franchisor with the execution of this Agreement.

☐ Second All American Pet Resorts® Business $40,000
$40,000 paid by Franchisee to Franchisor with the execution of this Agreement.

☐ Additional All American Pet Resorts® Business $30,000
$30,000 paid by Franchisee to Franchisor with the execution of this Agreement.

FRANCHISOR:	FRANCHISEE:
ALL AMERICAN PET RESORTS, LLC	_____
By: _____	By: _____
Title: _____	Title: _____

ATTACHMENT B
TO FRANCHISE AGREEMENT

TERRITORY

The Territory set forth in Section 5.1 of the Agreement shall be:

_____

_____

_____

FRANCHISOR:	FRANCHISEE:
ALL AMERICAN PET RESORTS, LLC	_____
By: _____	By: _____
Title: _____	Title: _____

ATTACHMENT C
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the Franchise Agreement executed between _____ ("Franchisee") and All American Pet Resorts LLC ("Franchisor") on _____, _____ ("Agreement"), each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Operating Term, including any Interim Period thereof, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

2. Agrees to be personally bound by and personally liable for the breach of, each and every provision in the Agreement, including but not limited to the terms of Section 15.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and

5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

6. His or her direct and immediate liability under this guaranty shall be joint and several;

7. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;

8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

9. Such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any

way modify or amend this guaranty, which shall be continuing and irrevocable during the Operating Term, including any Interim Period thereof.

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

GUARANTOR(S)

_____

_____

_____

_____

ACKNOWLEDGMENT

Franchisee, and its shareholders, members, or partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this _____ day of _____, 20___.

FRANCHISOR:

ALL AMERICAN PET RESORTS, LLC

By: _____

Its _____

FRANCHISEE:

_____

By: _____

Its _____

_____
an Individual

_____
an Individual

_____
an Individual

_____
an Individual

ATTACHMENT D
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership
(Check One)

___ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a Partnership, provide name and address of each partner* showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder* showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member* and the percentage of membership interest held by each member.

_____

_____

_____

_____

Franchisee acknowledges that this Statement of Ownership applies to the All American Pet Resorts® Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing, including any change in interest in ownership of any member. Such changes are subject to Franchisor's written approval in accordance with Section 16 of the Franchise Agreement.

_____ _____

Date Name

*If any partner, shareholder or member is a partnership or a business entity, include in individual owners of such partnership or business entity. Franchisor may require additional disclosures if any portion of ownership is held by another entity.

ATTACHMENT E
TO FRANCHISE AGREEMENT

BY AND BETWEEN ALL AMERICAN PET RESORTS, LLC
AND
_____ ("FRANCHISEE")

EFT AUTHORIZATION AGREEMENT
(DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby authorizes All American Pet Resorts, LLC ("Company") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") to debit such account pursuant to Company's instructions.

_____	_____
Depository	Branch
_____	_____
Address	City, State, Zip Code
_____	_____
Bank Transit/ABA Number	Account Number

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

_____	_____
Depositor	Depository
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT F
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND TELEPHONE LISTINGS AND INTERNET ADDRESSES

THIS ASSIGNMENT is entered into this ____ day of _____, 20__, in accordance with the terms of the All American Pet Resorts® Franchise Agreement ("Franchise Agreement") between _____ ("Franchisee") and All American Pet Resorts, LLC ("Franchisor"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate an All American Pet Resorts® Business ("Franchise Business") located at _____.

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings") and (2) those certain Internet website addresses ("URLs") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company") and/or Franchisee's Internet service provider ("ISP") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without the extension of Franchisee's rights to operate the Franchise Business), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to, and interest in, the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such

termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE:	ASSIGNOR:
ALL AMERICAN PET RESORTS, LLC	_____
By: _____	By: _____
Its: _____	Its: _____

ATTACHMENT G
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

This Addendum to Lease, dated _____, 20___, is entered into by and between _____ ("Lessor"), _____ ("Lessee"), and All American Pet Resorts, LLC ("Franchisor").

A. The parties hereto have entered into a certain Lease Agreement, dated _____, 20___, and pertaining to the premises located at _____ ("Lease").

B. Lessor acknowledges that Lessee intends to operate an All American Pet Resorts® franchise from the leased premises ("Premises") pursuant to a Franchise Agreement ("Franchise Agreement") with All American Pet Resorts, LLC ("Franchisor") under the name "All American Pet Resorts®" or other name designated by Franchisor (herein referred to as "Franchised Business").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor, Lessee, and Franchisor as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Rental Rate Increases. Lessor shall not increase the amount of payments required to be made by Lessee under the Lease without the prior written consent of both Lessee and Franchisor.

3. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or Franchisor's parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment F-1. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or Franchisor's parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease.

Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

4. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

All American Pet Resorts, LLC
39555 Orchard Hill Place, Suite 600
Novi, MI 48375
Attention: President

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Operating Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, which consent shall be granted or denied as Franchisor deems appropriate, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided Franchisee agrees to assume Lessee's obligations and the Lease.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the

Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the All American Pet Resorts® marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

6. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment F-1.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

7. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

8. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

9. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

10. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:	LESSEE:
_____	_____
By: _____	By: _____

Title:_____ Title:_____

FRANCHISOR: ALL AMERICAN PET RESORTS, LLC

_____

By:_____

Title:_____

ATTACHMENT G-1
TO FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the _____ day of _____, 20___ ("Effective Date"), the undersigned, _____ ("Assignor"), hereby assigns, transfers and sets over unto All American Pet Resorts, LLC ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A ("Lease") with respect to the premises located at _____. This Collateral Assignment of Lease ("Assignment") is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for an All American Pet Resorts® Franchised Business between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the Operating Term of the Franchise Agreement and any Interim Period thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

[Signatures on following page]

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

ASSIGNOR:

_____

By: _____
Its: _____

ASSIGNEE:

ALL AMERICAN PET RESORTS, LLC,
a Michigan limited liability company

By: _____
Its: _____

EXHIBIT A

LEASE
With Respect to Premises Located at:

_____

(To Be Attached)

ADDENDUM
RELATING TO

ALL AMERICAN PET RESORTS, LLC

FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by ALL AMERICAN PET RESORTS, LLC, a Michigan limited liability company, located at 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 ("Franchisor") and ("Franchisee") _____, located at _____.

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, ("Franchise Agreement"). The Franchisee agreed among other things to operate and maintain a franchise located at _____. Franchisee has obtained from a lender a loan ("Loan) in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 16.4 of the Franchise Agreement.

- If the franchisor must operate the business under Section 8.7 of the Franchise Agreement, Franchisor will operate the business for 90 days, renewable as necessary for up to one year, and the Franchisor will periodically discuss the status with the franchisee or its heirs.

- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:	FRANCHISEE:
ALL AMERICAN PET RESORTS, LLC	
By: _____	By: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____

EXHIBIT C

ALL AMERICAN PET RESORTS, LLC

LIST OF CURRENT FRANCHISEES

AND

AFFILIATE-OWNED OUTLETS

EXHIBIT C

LIST OF FRANCHISEES

As of the date of this Disclosure Document, we have signed franchise agreements with the following persons.

CURRENT OPEN FRANCHISES:

Florida

Amy Moore
All American Pet Resorts® Punta Gorda
6101 Duncan Rd.
Punta Gorda, FL 33950
Phone: 941-916-9655
Fax: 941-916-9632
www.aaprpuntagorda.com

Tim Towles
Richard Kresge
Kathy Kresge
All American Pet Resorts® Fort Myers
Commerce Park
14573 Global Parkway
Fort Myers, FL 33913
www.allamericanpetresortsftmyers.com

Michigan

Rick Ruhland
All American Pet Resorts® Lakeshore
20286 Cornillie Drive
Roseville, MI 48066
Phone: 586-285-5100
Fax: 586-774-9895
www.aapetresorts.com

Rick Ruhland
All American Pet Resorts® Canton
7320 N. Haggerty
Canton, MI
Phone: 734-455-DOGS
info@aaprCanton.com
www.aaprCanton.com
www.allamericanpetresortsCanton.com

Mr. Chris Masson
All American Pet Resorts® Rochester Hills
2736 Product Drive
Rochester Hills, MI 48307
248-299-3647
info@aaprrh.com
www.aaprrh.com

Amanda Luther
Breana Luther
All American Pet Resorts® Shelby Township
6240 26 Mile Road
Shelby Township, MI 48316
www.aaprshelbytwp.com

All American Pet Resorts® Royal Oak (affiliate owned)
Art & Yolanda Rimbold
Ann Marie Peskowski
4227 Delemere Blvd.
Royal Oak, MI 48073
www.allamericanpetresortsro.com

New Jersey

All American Pet Resorts® North Brunswick
Glenn & Melanie Shapiro
330 Thalia Street
North Brunswick, NJ 08902
(732) 709-PETS(7387)
www.aaprnb.com

Texas

James Ezell
All American Pet Resorts® Dallas
2737 Mockingbird Lane
Dallas, TX 75235
Phone: 469-335-0400
Fax: 469-335-0401
www.petresortdallas.com

FRANCHISEES WHO SIGNED A FRANCHISE AGREEMENT IN 2017 OR 2018, BUT NOT OPERATIONAL:

Florida

Frank Hake
Naples, Florida
fhake@comcast.net
239-495-3467

Michigan

Sean & Elizabeth McCausland
Northville, MI
smccausland20@gmail.com
734-679-1802

Texas

Rebecca Brawley
Ft. Worth, Texas
blawrence410@yahoo.com
817-992-0492

FRANCHISEES WHO LEFT THE SYSTEM DURING OUR LAST FISCAL YEAR:

None

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

EXHIBIT D

ALL AMERICAN PET RESORTS, LLC

TRADEMARK-SPECIFIC FRANCHISEE ORGANIZATIONS

TRADEMARK-SPECIFIC FRANCHISEE ORGANIZATIONS

The following is the name, address, telephone number, email address, and Web address (to the extent known) of each trademark-specific franchisee organization that has been created, sponsored, or endorsed by us, and the relationship between the organization and us:

NONE

The following independent franchisee organizations have asked to be included in this Disclosure Document:

NONE

EXHIBIT E

ALL AMERICAN PET RESORTS, LLC

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT E

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT F

ALL AMERICAN PET RESORTS, LLC

STATE-SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. 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.

2. Item 2 is amended by the addition of the following language:

Neither All American Pet Resorts, LLC 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 Action of 1934, 15 U.S.C.A.78a, et seq., suspending or expelling such persons from membership in such association or exchange.

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

4. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

5. The franchise agreement requires binding arbitration. The arbitration will occur in the city of our then-current headquarters (currently, Punta Gorda, Michigan) with the costs being borne by you if All American Pet Resorts, LLC prevails. 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 Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.

7. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Sections 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516.) Business and Professions Code Section 200010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

9. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

10. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.DBO.ca.gov.

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR CALIFORNIA FRANCHISEES

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

1. Section 15 of the Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under California law.

2. Any capitalized terms that are not defined in this Addendum will have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: All American Pet Resorts, LLC	FRANCHISEE: _____
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 1, Additional Disclosures. The following statements are added to Item 1:

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The general release required as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The "Summary" column of Item 17(H) of the Disclosure Document, pertaining to "Cause defined – defaults that cannot be cured" is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

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

Exhibit H, Statement of Franchisee. The following statement is added to the Statement of Franchisee:

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

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement ("**Franchise Agreement**") dated _____ between All American Pet Resorts, LLC ("Franchisor") and _____ ("**Franchisee**") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Sections 2 and 22:

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

3. The following sentence is added to the end of Sections 4.2(c) and 16.7(c):

   The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following sentence is added to the end of Sections 20.2, 20.3 and 21.1:

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

FRANCHISOR: All American Pet Resorts, LLC	FRANCHISEE: _____
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

NEW YORK ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

ITEM 3 of the Franchise Disclosure Document is modified to read as follows:

Other than as described in ITEM 3, neither ALL AMERICAN PET RESORTS®, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under the ALL AMERICAN PET RESORT®'S principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations, or has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

ITEM 4 of the Franchise Disclosure Document is modified to read as follows:

Except as disclosed in ITEM 4 of the disclosure document, neither ALL AMERICAN PET RESORTS®, its affiliates, predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its

debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership..

ITEM 5 of the disclosure document is amended to add the following:

The franchise fee may, in part, be profit to ALL AMERICAN PET RESORTS®, and is, in part used to pay its following expenses or costs: (1) employee salaries and benefits; (2) sales, administrative and operation expenses; (3) legal and accounting fees; (4) expenses of technical assistance, service and support; (5) protection of its trademarks; and (6) other operational expenses incurred by ALL AMERICAN PET RESORTS® or its affiliates relating to franchising.

ITEM 17(d) of the Franchise Disclosure Document is revised to read as follows:

The franchisee may terminate the agreement on any grounds available by law.

ITEM 17(j) of the Franchise Disclosure Document is revised to read as follows:

However, no assignment will be made except to an assignee who in good faith and judgment of Franchisor is willing and financially able to assume Franchisor's obligations under the Franchise Agreement.

ITEM 17(w) of the Franchise Disclosure Document is revised to read as follows:

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

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

ITEM 17.h of the Franchise Disclosure Document is modified to read as follows:

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

EXHIBIT G

ALL AMERICAN PET RESORTS, LLC

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

EXHIBIT G

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Non-Disclosure and Non-Competition Agreement ("**Agreement**") is made and entered into this _____ day of _____, 20___ by and between All American Pet Resorts, LLC, a Michigan limited liability company ("**Company**"), located at Our principal business address is 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 and _____ ("**Associate**"), who resides or has a principal place of address at _____.

RECITALS

A. The Company is engaged in the business of selling franchises for the operation of a business offering professional pet boarding, daycare and grooming services, and the sale of related products ("**Franchise Business**"). The Franchise Business is operated under the Company's trademark "**All American Pet Resorts®**" and other service marks, trademarks, logo types, designs, and other commercial symbols (collectively "**Marks**").

B. The Company has developed methods for establishing, operating and promoting Franchise Businesses under the Company's distinctive business format, plans, methods, data, processes, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Company ("**Confidential Information**" and "**Trade Secrets**") and such Confidential Information and Trade Secrets as may be further developed from time to time by the Company.

C. The Company and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of its System, which goodwill and reputation have been and will continue to be of major benefit to the Company.

D. Associate desires to become involved with the Company or a franchisee of the Company identified in Section 1(e) (a "**Franchisee**") in the capacity of an officer, partner, director, agent, manager, employee, Designated Business Manager or as a beneficial owner of the Franchise Business, or is an immediate family member of a principal owning an interest in the Franchise Business, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or Guaranty and Assumption of Franchisee's Obligations form.

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to non-competition by Associate with the Company and other franchisees of the Company. Associate agrees to the terms of this Agreement as partial consideration for the Company's willingness to allow Associate to engage in a business relationship with Company or a Franchisee using the Company's Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the above-noted Recitals, the mutual promises contained below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

1. Definitions.

(a) "Associate" will mean the individual or entity described on page 1 of this Agreement and the Associate's managers, officers, beneficial owners, directors, employees, partners, members, principals and immediate family members.

(b) "Competitive Business" as used in this Agreement means any business operating in competition with or similar to the Franchise Business; provided, however, Associate will not be prohibited from owning not more than a total of 5% of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934.

(c) "Confidential Information" will mean without limitation, all knowledge, know-how, standards, formulas, methods and procedures related to the establishment and operation of the Franchise Business and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchise Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information which the Company or its affiliates designates as confidential including all information contained in the Company's Brand Manual, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from the Company or its affiliates, which may be changed or supplemented from time to time.

(d) "Franchise Agreement" will mean the franchise agreement between Company and _____ dated _____ as may be amended or renewed from time to time.

(e) "Franchisee" will mean _____, who has entered into a Franchise Agreement.

(f) "Territory" will have the meaning defined in the Franchise Agreement.

(g) "Term" will have the meaning defined in the Franchise Agreement.

(h) "Trade Secret(s)" will mean information, including a formula, pattern, compilation, program, device, method, technique or process related to the Franchise Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Associate and the Company acknowledge that the Confidential Information and Trade Secrets which are developed and utilized in connection with the operation of the Franchise Business is unique and the exclusive property of the Company or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Company or its affiliates. Associate further acknowledges that the Company or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Company or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information and Trade Secrets. During the Term and any renewal Term of the Franchise Agreement and for a period of three (3) years after the expiration or termination of the Franchise Agreement (unless such information is a Trade Secret in which case the requirements in this Section 3 will remain in place for as long as such information constitutes a Trade Secret), Associate must not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Company or the Franchise Business, any of the Confidential Information or Trade Secrets of the Company or its affiliates.

4. Exceptions to Disclosing Confidential Information. Except as noted above, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to the Associate through no fault of the Associate; (b) information that entered the public domain after it was communicated to the Associate through no fault of the Associate; (c) information that was in the Associate's possession free of any obligation of confidence at the time it was communicated to the Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Franchisee is legally compelled to disclose the information, if the Franchisee has notified the Franchisor before disclosure and used the Franchisee's best efforts, and afforded the Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5. Non-competition Covenant. Associate acknowledges that the Company must be protected against the potential for unfair competition by Associate's use of the Confidential Information and Trade Secrets in direct competition with the Company. Associate further acknowledges that the Confidential Information and Trade Secrets would not have been divulged to the Associate absent the Associate's agreement to strictly comply with the provisions of this Agreement. Associate therefore agrees that other than the Franchise Business licensed under the Franchise Agreement, Associate, will not during the Term and renewal Term of the Franchise Agreement:

(a) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business;

(b) perform services as a manager, officer, beneficial owner, director, principal, employee, partner, member, consultant, representative, agent or otherwise for a Competitive Business; or

(c) divert or attempt to divert any business related to, or any customer or account of the Franchise Business, the Company's business, the business of any affiliate of the Company or any other franchisee's business, by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of the Company or another franchisee licensed by Company, to any Competitive Business by any direct inducement or otherwise.

6. Post-Termination Covenant Not to Compete. Upon termination or expiration of the Franchise Agreement for any reason, Associate agrees that, for a period of three (3) years commencing on the effective date of termination or expiration of the Franchise Agreement, Associate will not have any direct or indirect interest (through any immediate family member of Associate or its beneficial owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating: (a) in the Territory or any other franchisee's territory; (b) within 100 miles of the Territory or any other franchisee's Territory; or (3) within 100 miles of any Company or Company's affiliate owned Franchise Business.

The restrictions of this Section 6 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding.

The parties have attempted in this Agreement to limit the Associate's right to compete only to the extent necessary to protect the Company from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Sections 5 and 6 are disputed at any time by the Franchisee, a court or arbitrator, as the case may be, may modify Sections 5 and 6 to the extent that it deems necessary to make such provisions enforceable under applicable law. THE ASSOCIATE EXPRESSLY ACKNOWLEDGES THAT THE ASSOCIATE POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS NOTED ABOVE WILL NOT DEPRIVE ASSOCIATE OF THE ABILITY TO EARN A LIVING.

7. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Company will be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Company may be entitled. Associate agrees that the Company may obtain such injunctive relief, without posting a bond or bonds. Associate's sole remedy, in the event of the entry of such injunctive relief, will be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate. In any litigation, arbitration or other proceeding concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter

is being litigated, arbitrated or otherwise relating to any claimed "prior breach" on the part of the Company; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Company will entitle or permit the Associate to disclose any such Confidential Information and Trade Secrets in any circumstances.

8. Effect of Waiver. The waiver by Associate or the Company of a breach of any provision of this Agreement will not operate or be construed as a waiver of any subsequent breach thereof.

9. Binding Effect. This Agreement will be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

10. Entire Agreement. This instrument contains the entire agreement of Associate and the Company relating to the matters noted in this Agreement. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

11. Governing Law. This instrument will be governed by and construed under the laws of the State of Michigan.

12. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Michigan, and irrevocably agrees that venue for any action or proceeding will be in the state and federal courts of Michigan. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of Michigan. In the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws will control.

13. Severability. If any provision of this Agreement will be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement will not affect adversely any other provisions of this Agreement which will otherwise remain in full force and effect.

14. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, will pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party will recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees will be included as part of such judgment.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

COMPANY:	ASSOCIATE:
ALL AMERICAN PET RESORTS, LLC	_____
By: _____	By: _____
Title: _____	Print Name: _____
Date: _____	Date: _____

EXHIBIT H

ALL AMERICAN PET RESORTS, LLC

STATEMENT OF FRANCHISEE

EXHIBIT H

STATEMENT OF FRANCHISEE

[Note: Dates and Answers Must be Completed in the Prospective Franchisee's Own Handwriting]

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, All American Pet Resorts, LLC (also called "All American Pet Resorts®", the "Franchisor" or "we") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

	Date	Initials	
1.	_____, 20___	_____	The date on which I received a Franchise Disclosure Document regarding the All American Pet Resorts® Business.
2.	_____, 20___	_____	The date of my first face to face meeting with Marketing Representative to discuss a possible purchase of an All American Pet Resorts® Business.
3.	_____, 20___	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4.	_____, 20___	_____	The date on which I signed the Franchise Agreement.
5.	_____, 20___	_____	The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of Franchisor.

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side agreements," options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly noted in the Franchise Agreement, the Disclosure Document or an attached written Addendum signed by All American Pet Resorts® and me, except as follows: _____

_____

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise which expanded upon or were inconsistent with the Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an

officer of All American Pet Resorts®, were made to me by any person or entity, nor have I relied in any way on same, except as follows: _____

_____

(If none, you should write NONE in your own handwriting and initial.)

3. No oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from the All American Pet Resorts® Business was made to me by any person or entity, nor have I relied in any way on same, except as follows: _____

_____

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly noted in the Franchise Agreement or any attached written Addendum signed by All American Pet Resorts® and me: _____

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and All American Pet Resorts® has strongly recommended that I obtain such independent advice. I have also been strongly advised by All American Pet Resorts® to discuss my proposed purchase of All American Pet Resorts Business with any existing All American Pet Resorts® franchisees prior to signing any binding documents or paying any sums and All American Pet Resorts® has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of an All American Pet Resorts® Business or any other franchise is a speculative investment; c) investment beyond that outlined in the Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any All American Pet Resorts® Business, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

8. I understand that the occurrence of an economic crisis and financial situation, whether nationally, regionally, or locally, could have a negative impact on the pet care industry, the All American Pet

Resorts® System and my All American Pet Resorts® Business and that the economic situation may worsen.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform All American Pet Resorts® (Phone: (248) 449-2949) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all provisions notes above and represent and warrant that all of the above statements are true, correct and complete.

PROSPECTIVE FRANCHISEE:

_____

Date: _____

MARKETING REPRESENTATIVE:

_____

Date: _____

REVIEWED BY FRANCHISOR:

ALL AMERICAN PET RESORTS, LLC

By: _____

Its: _____

Date: _____

EXHIBIT I

ALL AMERICAN PET RESORTS, LLC

BRAND MANUAL

TABLE OF CONTENTS

Brand Manual

TABLE OF CONTENTS

SECTION 1 BASIC RESORT MANAGEMENT 5 pages
- Maximizing Revenue
- Setting Policies
- Admitting Dogs
- General
- Other Tips
- *SOP – DAILY PREPARATION*
- *SOP – PET HANDLING*
- *SOP – BOARDING & DAYCARE*
- *BEST PRACTICE*
- *SOP – GENERAL*
- *BEST PRACTICE*

SECTION 2 KENNEL PROCEDURES 7 pages
- Suite Cleaning
- SOP – SUITE CLEANING
- Grooming Room
- Common Areas & Lobby
- Outdoor Runs
- Dish Washing Protocol
- Restrooms
- Kitchen & break areas
- Water Features
- SOP WATER FEATURES
- Resort Equipment
- Resort Safety & Emergency Procedures
- SOP – KENNEL STAFF

SECTION 3 DAYCARE (GROUP PLAY) SET UP & OPERATING PROCEDURES 2 pages
- Commonly Asked Questions
- Staff to Dog Ratio

SECTION 4 MARKETING & PROMOTION 5 pages
- *Local "Cause"*
- *Local Print, TV and Radio Media*
- *Internet Marketing*
- *Other ideas that work*
- *Public Relations Representative*

SECTION 5 SOCIAL MEDIA POLICY, BEST PRACTICES & GUIDELINES 3 pages
- Facebook
- YouTube
- Blogging and Tweeting
- AAPR Social Media Strategy
- Implementation Considerations
- AAPR Guidelines

SECTION 6 USING THE MASCOT 5 pages
- General Instructions
- Mascot Guidelines for Performers/OWNERS

- Emotions
- Gestures
- Mascot Commandments

SECTION 7 MAJOR BRAND & FRANCHISE COMPLIANCE 7 pages
- FRANCHISEE'S DUTIES, OBLIGATIONS AND STANDARDS

SECTION 8 RECORDS REVIEW AND BACK UP 2 pages
- Insurance Coverage
- Revenue Reporting – All services to be tracked in kennel operations software
- Royalty Payments
- Internal Dispute Resolution

SECTION 9 BRAND GUIDELINES FOR MARKS 3 pages
- Unauthorized uses
- Color Pallet
- Signs and Building
- Marketing & Promotion

SECTION 10 FISCAL PLANNING 3 pages
- Banking Relationship
- Budgeting & Cash Flow Management
- Payroll
- Payroll Taxes
- Sales Tax
- Regulations

SECTION 11 APPROVED OPTIONAL PET CARE SERVICES 2 pages

SECTION 12 BASIC PET CARE 17 pages
- Suite Set Up
- Feeding Protocol
- SOP – FEEDING
- Common Situations
- Administering Medications
- SOP – INSULIN
- Walks, Group Play & Daycare
- Handling Rough Behavior
- SOP OBSERVATION
- BEST PRACTICE
- Safely Moving Pets
- Required Medications and Treatment Schedules
- Common Illnesses
- SOP-FEEDING
- Less Common Illnesses
- Coughing or Bordetella
- Canine Influenza
- Hypothermia & frostbite
- Heat Stroke
- Parasites
- Consulting a Vet
- Capturing an Escapee

SECTION 13 ADVANCED PET CARE 6 pages
- Puppy Care
- Geriatric

- Diabetic
SECTION 14 CATS 5 pages
- Admitting Cats
- Condo cleaning
- Recommendations
- Monitoring Behavior
- Cat Flu
- Handling difficult cats
- Bathing cats
- Revenue generating ideas for cats
- Handling death of a cat
SECTION 15 CUSTOMER RELATIONSHIPS 6 pages
- Usual Complaint Categories
- Telephone Etiquette
- Declining Pet Entry
- Pet Illness
- General Owner Communication
- Follow Up
- Handling Complaints
- Long Stay Communication
- What is going on at the resort?
- Securing Customer Data
SECTION 16 STAFF MANAGEMENT 54 pages
- SAMPLE SCHEDULE
- Sample Job Application
- Job Description – Desk and Kennel (Sample)
- Job Description – Manager (Sample)
- Job Description– Desk Supervisor (Sample)
- Job Description – Kennel Supervisor (Sample)
- Job Description – Kennel (Sample)
- Job Description – Groomer (Sample)
- Job Description – Return to Work Policy-Desk Supervisor (Sample)
- Job Description – Return to Work Kennel (Sample)
- Salary Ranges
- Sample New Hire Training Practical Application
- 2017 Employee Competency Test (Sample)
- Resort Specifics (All staff required to read resort brochures.)
- 2017 Semi-Annual Competency Test (Sample)
- ALL AMERICAN PET RESORT'S -PERFORMANCE REVIEW – KENNEL
- ALL AMERICAN PET RESORT'S - PERFORMANCE REVIEW – KENNEL SUPERVISOR

SECTION 17 DESIGN REQUIREMENTS & RECOMMENDATIONS 2 pages
SECTION 18 APPROVED SUPPLIES 6 pages
- Grooming
- Facility
- General
SECTION 19 DESIGN ASSISTANCE & EXTRA COSTS 2 pages
- Included Services
- Optional Services & Costs to Franchisee

SECTION 20 LIST OF EQUIPMENT SUPPLIERS 3 pages
SECTION 21 BRAND STANDARDS AUDIT FORM 3 pages
Appendix A 11 pages
- ALL AMERICAN PET RESORTS BOARDING TERMS AND CONDITIONS
- ALL AMERICAN PET RESORTS GROUP PLAY CONTRACT
- Owner to Owner Release
Index 3 pages

Total pages 161

EXHIBIT J

ALL AMERICAN PET RESORTS, LLC

APPLICATION AND CONFIDENTIALITY AGREEMENT

EXHIBIT J

ALL AMERICAN PET RESORTS, LLC

APPLICATION AND CONFIDENTIALITY AGREEMENT ("APPLICATION")

This Application is entered into this _____ day of _____, 20___, by and between ALL AMERICAN PET RESORTS, LLC ("**We**" or "**Us**"), and _____ ("**You**" or "**Your**"). You hereby acknowledge and agree as follows:

1. You have made application or expressed a desire to purchase an All American Pet Resorts® Franchise ("**Franchise**") and you have had an opportunity to review our disclosure documentation that we provided to you more than 10 business days prior to the date of this Application ("**Disclosure Documentation**"), indicating your *bona fide* intent to enter into a franchise agreement ("**Franchise Agreement**") with us on such terms and conditions as are generally contained in our standard form of Franchise Agreement.

5. If you wish to cancel this Application, you must return all materials provided by us, and sign a release in a form reasonably prescribed by us.

6. You understand that, prior to executing the Franchise Agreement, we or our subsidiaries or affiliates or our franchisees ("**Franchisees**") may disclose or otherwise impart to you information and material pertaining to us, our methods of operation, techniques, know-how, promotion, and publicity, including information which we consider to be a trade secret (collectively the "**System Information**"). You acknowledge that the System Information is of a proprietary and confidential nature constituting our trade secrets and having immeasurable value. Accordingly, in recognition of the provisions noted above and in consideration thereof, you agree to hold in confidence and keep secret the System Information that is disclosed or made known to you in the course of your discussions with us, the Franchisees, and our subsidiaries and affiliates, and you will not impart or make known any of the same or anything relating to the same to any person, firm, or corporation unless we authorize you to do so in writing or unless otherwise required by law.

7. You agree that you will retain and receive all the System Information for use only in connection with the business to be operated under the All American Pet Resorts® Franchise applied for and will not use, directly or indirectly, the System Information for any other purpose without our prior written consent.

8. Upon termination of this Application for any reason whatsoever, you will promptly return the System Information to us, together with any copies thereof. Upon our request, you must sign a document in the form reasonably prescribed by us stating that all of the System Information has been returned and that any further System Information in your possession will be returned if discovered.

9. You acknowledge that consumer credit reports containing personal information are being or may be referred to in connection with this Application for an All American Pet Resorts® Franchise and you hereby consent to the disclosure of credit or personal information to any credit

reporting agency or to any person with whom you have or propose to have financial relations. You agree to provide us with a copy of your social security number, or if you are a business entity, your employer identification number, or proof of citizenship, in order to enable us to verify your registered name for the purposes of properly conducting any such inquiries.

10. If you are a business entity, you agree to provide us with a copy of the articles of incorporation and bylaws, or your articles of organization and operating agreement, or your partnership agreement, as well as any other business documents we may reasonably request.

Dated at _____, this _____ day of _____, 20____.

WITNESS:

_____
Name of Applicant

_____ By: _____

Its: _____

All American Pet Resorts, LLC hereby acknowledges receipt of the application and agrees to consider you as a candidate for an All American Pet Resorts® Business.

Dated at _____, this _____ day of _____, 20____.

ALL AMERICAN PET RESORTS, LLC

By: _____

Its: _____

EXHIBIT K

ALL AMERICAN PET RESORTS, LLC

FORM GENERAL RELEASE OF CLAIMS

RELEASE OF CLAIMS

For and in consideration of the Agreements and covenants described below, All American Pet Resorts, LLC ("**Franchisor**") and _____ ("**Franchisee**") enter into this Release of Claims ("**Agreement**").

RECITALS

A. Franchisor and Franchisee entered into a Franchise Agreement dated _____, ____.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. Consideration. [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. Release of Claims by Franchisor. [NOTE: Only included in the event of a termination or transfer.] Except as provided below and in consideration of, and only upon full payment of $_____ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee for any post-termination obligations, including any indemnification, confidentiality or covenant not to compete obligations contained in the Franchise Agreement. Further, this release does not release Franchisee from any obligations he may have under this Agreement.

5. Release of Claims by Franchisee. In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as

such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. Reservation of Claims Against Non-Settling Parties. Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. Entire Agreement. This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. Voluntary Nature of Agreement. The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. Governing Law and Jurisdiction. This Agreement will be construed and enforced in accordance with the law of the state of _____.

10. Attorneys' Fees. All rights and remedies under this Agreement will be cumulative and none will exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party will pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: _____, 20__ ALL AMERICAN PET RESORTS, LLC

By _____

Its _____

Dated: _____, 20__ FRANCHISEE: _____

By _____

EXHIBIT L

ALL AMERICAN PET RESORTS, LLC

RECEIPT

RECEIPT

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

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

Iowa, New York, Oklahoma and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit E.

The franchisor is All American Pet Resorts, LLC located at 39555 Orchard Hill Place, Suite 600, Novi, MI 48375. Its telephone number is (248) 449-2949.

Issuance Date: April 30, 2019

The name, principal business address and telephone number of each franchise seller offering the franchise:

- ☐ Stephan Dimitroff 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 (248) 449-2949
- ☐ Arthur Rimbold 39555 Orchard Hill Place, Suite 600, Novi, MI 48375 (248) 449-2949

_____

_____

All American Pet Resorts® authorizes the respective state agencies identified on Exhibit E to receive service of process for it in the particular state.

I received a disclosure document dated April 30, 2019 that included the following Exhibits: (A) Financial Statements; (B) Franchise Agreement; (C) List of Franchisees; (D) Trademark-Specific Franchisee Organizations; (E) List of State Administrators and Agents for Service of Process; (F) State-Specific Addenda to Disclosure Document and Franchise Agreement; (G) Nondisclosure and Non-Competition Agreement; (H) Statement of Franchisee; (I) Brand Manual Table of Contents; (J) Application and Confidentiality Agreement; (K) Form General Release of Claims; and (L) Receipt.

Date	Signature	Printed Name
Date	Signature	Printed Name

Keep this copy for your records.

RECEIPT

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

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

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Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to our Executive Vice President, Stephan Dimitroff, at our principal business address is 39555 Orchard Hill Place, Suite 600, Novi, MI 48375.