FRANCHISE DISCLOSURE DOCUMENT

ADU Franchise limited liability company
a Texas limited liability company
2401 Luna Road
Carrollton, Texas 75006
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info@AllDogsUnleashed.com

You will operate a one-stop dog shop specializing in dog training, daycare, boarding, and grooming, under the trade name and service mark "ALL DOGS UNLEASHED."

The total investment necessary to begin operation of an ALL DOGS UNLEASHED Commercial Facility franchise ranges from $152,500 to $1,391,500. This includes $49,600 to $49,650 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of an ALL DOGS UNLEASHED Home-Based Facility franchise ranges from $75,000 to $173,650. This includes $49,600 to $49,650 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brian Claeys, ADU Franchise limited liability company at 2401 Luna Road, Carrollton, Texas 75006, (214) 442-1203, info@alldogsunleashed.com.

The terms of your contract will govern your franchise relationship. Don't 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 you state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: May 19, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.

2. **Operating History:** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

4. **Short Operating History**. This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

5. **Going Concern**. The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition of your right to join an association of Franchisees;

(b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of your rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims;

(c) A provision that permits the franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure;

(d) A provision that permits the franchisor to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to the franchisor, and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five years, and (b) you are prohibited by the franchise agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise;

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision in the Franchise Agreement or other agreement;

(f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration at a location outside of Michigan;

(g) A provision that permits the franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to, the following:

i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards;

ii. The fact that the proposed transferee is a competitor of the franchisor;

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

iv. The failure of the franchisee or proposed transferee to pay us any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer;

(h) A provision that requires you to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants the franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does it prohibit a provision that grants the

franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c), above;

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

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

Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the term "we" means ADU Franchise limited liability company, the franchisor. The term "you" means the person buying the franchise, the franchisee. If the franchise is a corporation, partnership, limited liability company, or other business entity, the term "you" does not include the entity's Owners unless otherwise stated.

The term "Owners" refers to anyone with a beneficial ownership in the franchisee, including general and limited partners of a partnership, shareholders of a corporation, and members of a limited liability company. As described in Item 15, the franchisee's "Owners" must sign a personal guaranty and agree to be personally bound to the franchise agreement.

The Franchisor and any Parents, Predecessors and Affiliates

We are a Texas limited liability company, formed on July 6, 2021, and we do business only under our corporate name and the name "ALL DOGS UNLEASHED." Our principal business address is 2401 Luna Road, Carrollton, Texas 75006. We have no parent or predecessor company. Our agents for service of process are identified in Exhibit C. We have been offering franchises of the type described in this disclosure document since December 2021.

We have never operated a business of the type described in this disclosure document and have never offered franchises in any other line of business. However, our affiliate, All Dogs Unleashed, LLC ("ADU LLC"), a Texas limited liability company, opened the first ALL DOGS UNLEASHED facility in December 2012, which is located in Carrollton, Texas. ADU LLC previously licensed the operation of a similar business from 2017 to 2021, and, as of December 1, 2021, had 11 licensees. However, these license agreements were assigned to us on December 1, 2021. ADU LLC shares our principal place of business. ADU LLC has never offered franchises in any other line of business.

The Franchise Offered

We franchise the operation of a one-stop dog shop providing dog training, daycare, boarding, and grooming under the trademark "ALL DOGS UNLEASHED" ("Franchised Business"). You will operate the Franchised Business using our proprietary business format and operating system (our "System"), our proprietary trademarks (our "Marks"), and other of our intellectual property. Our System includes our distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, proprietary dog training programs, operations and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate, all of which we may change, improve, and further develop (collectively, "Standards"). Our Marks include the trade name and service mark "ALL DOGS UNLEASHED" and other proprietary trademarks, service marks, our trade dress, and other indicia of origin that we designate to identify businesses operating according to the System.

Commercial Training Facility

Under the Commercial Training Facility program, you will operate the Franchised Business from a commercial facility that meets our specifications and which we have approved ("Commercial Training Facility"). Training services may be provided at the Commercial Training Facility, at a public or private venue, or at a client's commercial location or residence, in accordance with our Manual and Standards.

You will focus your efforts on providing services within your designated "Service Area," but may provide services in other areas that do not fall within another franchisee's Service Area, as described in Items 12 and 16.

Home-Based Facility

Under the Home-Based Facility program, you will operate the business from your residence ("Home-

Based Franchise"). The location must meet our criteria and the operation must be permitted by applicable law, applicable deed restrictions, and homeowners' association rules. Training services may be provided at the Home-Based Facility, at a public or private venue, or at a client's commercial location or residence, in accordance with our Manual and Standards.

Market and Competition

The market for the services that you will offer is well developed and highly competitive. You will market your services primarily to dog owners who desire obedience training or working dog training, in addition to dog owners needing pet grooming and boarding services. The Franchised Business will compete with other businesses offering similar services, including other dog training and obedience service providers, kennel clubs, some veterinary offices that provide training and/or boarding services, and big box retailers, such as Petco. The dog boarding business also tends to be busier when families and individuals travel for the holidays or on vacation.

Industry Specific Regulations

You must comply with all municipal, county, and state regulations relating to the operation of a pet boarding, grooming, and training business. Your jurisdiction may also impose licensing or permitting requirements, which may include requiring an animal handling permit.

Environmental laws may regulate the way in which certain solutions are used, stored, and disposed. Building codes may require special ventilation and/or disposal methods. The Franchised Business will be subject to all laws and regulations that apply to businesses generally including the Americans with Disabilities Act, OSHA, and EPA regulations. You also must comply with applicable employment laws, including federal and state discrimination laws, minimum wage, and other laws and regulations that apply to businesses generally.

You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Franchised Business in your jurisdiction. We strongly recommend that you consult with your own counsel concerning all applicable licenses, laws, and regulations before you decide to purchase a franchise.

ITEM 2
BUSINESS EXPERIENCE

Owner/General Manager: Brian Claeys

Brian Claeys has served as our Owner and General Manager since our inception in July 2021. Mr. Claeys has also served as manager of our affiliate All Dogs Unleashed, LLC in Carrollton, Texas since its inception in December 2012.

Owner/Trainer: Travis Lux

Travis Lux has served as our Owner and Trainer since our inception in July 2021. Mr. Lux has also served as manager of our affiliate All Dogs Unleashed, LLC in Carrollton, Texas since its inception in December 2012.

Director: Mark Kluge

Mark Kluge has served as our Director since our inception in July 2021 and as the Director of our affiliate, All Dogs Unleashed, LLC in Carrollton, Texas since May 2020. He previously served as Operations Manager for JGX Group in Dallas, Texas from September 2018 to April 2020 and Owner of Carolina Canine Consulting in Charleston, South Carolina from April 2017 to August 2018.

ITEM 3
LITIGATION

In the Matter of ADU Franchise limited liability company Using the trade name of All Dogs Unleashed:

Administrative proceeding, filed by the State of Minnesota Department of Commerce against us following our elective report to the Department stating that, in April 2022, we violated the Minnesota Franchise Act by offering and selling a franchise in Minnesota while our application for registration, filed in December 2021, was still pending. In October 2022, we entered into a Consent Order whereby we agreed to refrain from violating the Minnesota Franchise Agreement, to offer rescission to the franchisee, and to pay a civil penalty in the amount of $1,000.

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

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign the franchise agreement, you will pay us an initial franchise fee of $49,500. The initial franchise fee is uniform for all franchisees and is nonrefundable when paid.

Initial Training Fee

Your Operating Principal, General Manager (if different from your Operating Principal), and Assistant Manager must attend and successfully complete our initial training program (see Item 11). For each person who attends initial training, you must pay us $50.00 to cover the costs of course materials. This payment is uniform for all franchisees and is nonrefundable when paid.

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Monthly	See Notes 2 and 3.
Brand Development Fund	Currently $0, but may be increased up to 1% of Gross Sales	Monthly	
Local Marketing Expenditure	2% of Gross Sales	Quarterly	
Advertising Cooperative	An amount established by the applicable Cooperative	As determined by the applicable Cooperative	Currently, we have no Advertising Cooperatives. We may designate any area with two or more Facilities as a region for an Advertising Cooperative and require you to participate. The fees for the Advertising Cooperative will be determined by a majority vote, with each participating Facility and the Franchisor receiving one vote.

Type of Fee[1]	Amount	Due Date	Remarks
Management Consulting Fee	$400.00 per person, per day, plus reimbursement of our travel, lodging, and dining expenses	Upon demand	Payable only if you request our on-site management assistance
Technology Fee	Currently $250 per month, which we may increase by 10% per year	Monthly	Payable to us for the development and use of online communications and technologies
Ongoing On-Site Training	Our then-current fee, currently $250.00 per day per individual providing assistance, plus reimbursement of our travel, lodging and dining costs	Before training	We will provide three days of opening assistance to you at no additional charge. If you request and we agree to provide additional opening assistance or ongoing assistance, you must pay our then-current fee and expenses.
Additional Training and Seminars	Our then-current fee, currently $250.00	Before training	We may require you, your Operating Principal, General Manager, Assistant Manager, and other personnel to attend additional training, seminars, or conferences. We reserve the right to charge a fee for these trainings.
Supplier Approval Fee	Reasonable charge, not to exceed $2,500	Upon demand	See Item 8 for more information about supplier approval.
Renewal Fee (Franchise Agreement)	25% of the then-current initial franchise fee	On signing of then-current form of franchise agreement	
Transfer Fee – transfer from an individual franchisee to a controlled business entity	$1,500	Before transfer	Payable to us if you are an individual transferring to a business entity you own for convenience of operation

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee - transfer among existing owners of the franchisee entity or transfer of a non-controlling interest in the franchisee entity	25% of the then-current initial franchise fee for each Facility being transferred	30 days before the transfer	Payable to us if your Owners, as defined in Item 15, are transferring among themselves or transferring a minority ownership interest to one or more third parties. The Transfer Fee may be paid by either you or the transferee.
Transfer Fee - transfer of the franchised business or a controlling in the franchisee business entity	50% of the then-current initial franchise fee for each Facility being transferred	Before transfer	Payable to us if you are assigning your interest in the franchise agreement, transferring all or substantially all of the assets of the Franchised Business, or your Owners are transferring a controlling interest
Relocation Fee and Expenses	$3,000 plus out-of-pocket expenses reasonably incurred	Upon demand	If we approve relocation of the Facility, you must pay our relocation fee and reimburse us for out-of-pocket costs incurred in connection with the relocation, which may include payment of realtor fees, architect fees, and legal fees.
Manuals Replacement Fee	$500 per replacement	Upon demand	Payable only if you require an additional set of the Manuals due to loss or damage.
Interest on Late Payment	Lesser of: the rate of 18% per annum, or highest commercial contract interest rate law allowed in Facility's jurisdiction ("Default Rate")	Upon demand	Payable only for overdue amounts.

Type of Fee[1]	Amount	Due Date	Remarks
Audit	Cost of audit plus interest on the underpayment at the Default Rate	Upon demand	If an audit discloses an understatement of Gross Sales of 2% more, you must pay us fees due on the underreported amount plus interest and reimburse us audit-related costs.
Late Report Fee	$100 per report	Immediately, if Gross Sales report is not received by the 10th day following a reporting period.	Payable only if you fail to submit required reports.
Charge for "Insufficient Funds"	$100 per occurrence plus reimbursement of our costs and expenses from your non-payment	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.
Securities Offering	Our costs and expenses associated with reviewing the proposed offer	Before the offering	Payable only if you engage in a public offering of your securities.
Enforcement Costs and Attorneys' Fees	Actual fees incurred	Payable as incurred	Payable only if we incur a loss related to your operation of the Facility.
Indemnification	Amount of loss suffered	Upon demand	You must reimburse us and pay our attorneys' fees and related costs if we incur a loss relating to your operation of the Franchised Business.
Insurance	Reimbursement of premium costs plus an administrative fee of 15%	Upon demand	Payable only if you fail to maintain minimum insurance coverage and we elect to procure insurance on your behalf.
Liquidated Damages	4 years' worth of projected Royalty Fees	On our termination based upon your material default.	Payable only if you prematurely cease operations or wrongfully terminate the franchise agreement, or if we terminate the franchise agreement for cause.

Notes:

Note 1. All fees are payable to us and are uniformly imposed and non-refundable unless otherwise stated.

Note 2. "Gross Sales" means the total of all revenue and receipts derived from the operation of the Franchised Business, including receipts from the sale of products and services and membership fees and the proceeds of any business interruption insurance. Gross Sales does not include revenue received from the sale of stored value cards (but the redemption value will be included in "Gross Sales" when the stored value card is redeemed at your Facility). Gross Sales also does not include the amount of any sales or similar tax that is added to the selling price and actually paid to the taxing authority. The amount of any customer refunds may be deducted from Gross Sales if the charge was previously included in Gross Sales.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Commercial Training Facility

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[1]	$49,500	$49,500	Lump sum	Upon signing franchise agreement	Us
Leasehold Improvements[2]	$50,000	$750,000	As arranged	Before opening	Contractors and suppliers
Lease Deposit and First Month's Rent[3]	$3,000	$15,000	Lump sum	As incurred	Landlord
Utility Deposits and Expenses[4]	$500	$3,000	Lump sum	As invoiced	Utility provider(s)
Furniture, Fixture, and Equipment[5]	$10,000	$300,000	As arranged	As incurred	Third party suppliers
Point-of-Sale Equipment and Computer Equipment[6]	$500	$5,000	As arranged	As incurred	Third party suppliers
Signage[7]	$3,000	$20,000	As arranged	As incurred	Third party suppliers
Initial Inventory[8]	$5,000	$20,000	As arranged	As incurred	Us or third party suppliers
Initial Training Expenses[9]	$2,400	$9,850	As arranged	As incurred	Airlines, hotel, and restaurant or meal provider
Training Materials[10]	$100	$150	As arranged	As incurred	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Business Permits and Licensing[11]	$0	$5,000	As arranged	As incurred	Government agency/agencies
Legal and Accounting	$0	$5,000	As arranged	As incurred	Attorney, Accountant
Insurance[12]	$1,500	$7,000	Lump sum	As invoiced	Insurance carrier or broker
Marketing[13]	$2,000	$2,000	As arranged	As incurred	Third party supplier
Additional Funds (three months)[14]	$25,000	$200,000	As arranged	As incurred	Various
Total[15]	$152,500	$1,391,500			

Home-Based Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[1]	$49,500	$49,500	Lump sum	Upon signing franchise agreement	Us
Leasehold Improvements[2]	$3,000	$30,000	As arranged	Before opening	Contractors and suppliers
Lease Deposit and First Month's Rent[3]	$0	$0	Lump sum	As incurred	Landlord
Utility Deposits and Expenses[4]	$0	$0	Lump sum	As invoiced	Utility provider(s)
Furniture, Fixture, and Equipment[5]	$1,500	$7,500	As arranged	As incurred	Third party suppliers
POS/Computer Equipment[6]	$0	$3,000	As arranged	As incurred	Third party suppliers
Signage[7]	$0	$0	As arranged	As incurred	Third party suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Inventory[8]	$1,000	$5,000	As arranged	As incurred	Us or third party suppliers
Initial Training Expenses[9]	$2,500	$10,000	As arranged	As incurred	Airlines, hotel, and restaurant or meal provider
Training Materials[10]	$100	$150	As arranged	As incurred	Us
Business Permits and Licensing[11]	$0	$0	As arranged	As incurred	Government agency/agencies
Legal and Accounting	$0	$5,000	As arranged	As incurred	Attorney, Accountant
Insurance[12]	$500	$1,000	Lump sum	As invoiced	Insurance carrier or broker
Marketing[13]	$2,000	$12,500	As arranged	As incurred	Third party suppliers
Additional Funds (three months)[14]	$15,000	$50,000	As arranged	As incurred	Various
Total[15]	$75,000	$173,650			

Notes:

Note 1. The figure in the charts reflects our standard initial franchise fee. See Item 5 for more information about the initial franchise fee.

Note 2. Construction costs vary widely, depending upon the location, design, configuration, and condition of the premises. If you are operating a Home-Based Facility, the low figure assumes that you will not be required to make any leasehold improvements. The high figure represents the estimated costs of constructing a fence and installing turf. If you are operating a Commercial Training Facility, the low figure represents the estimated costs of building out a second-generation space with the minimum square footage of 3,000 square feet and which already has a sufficient HVAC system and appropriate utility service and hook-ups. The high figure represents the estimated cost of building out a "vanilla box" space and includes the cost of adding or upgrading the HVAC system, installing restrooms, constructing a fence, and installing turf. The estimates include the estimated costs of construction and building permits.

Note 3. If you are operating a Home-Based Facility, this figure assumes that you are operating on property that you own, so that you incur no rental charges. If you are operating a Commercial Training Facility you must lease or construct a space with minimum of 3,000 square feet of commercial property in a light industrial or commercial zone. Rental rates will vary widely, depending on geographic region, size, and property type and condition. If you choose to purchase a location or construct a free-standing building, your costs will be much higher. You should investigate real estate availability and costs before you purchase a franchise.

Note 4. If you are operating a Home-Based Facility, this figure assumes that you already have utilities in place and will not be required to make a deposit. If you are operating a Commercial Training Facility, these costs may vary depending on the availability of providers, market competition, and your credit history.

Note 5. This figure represents the estimated cost of purchasing furniture, fixtures, and equipment for the Facility. It includes items such as kennel equipment, office supplies, televisions and sound systems, security, decorative package, furniture, uniforms, fountain dispensers, phone systems, and other miscellaneous fixtures and equipment. Your costs may vary depending on the size of the Facility and whether you elect to install permanent built-in kennels and other higher quality products.

Note 6. If you are operating a Commercial Training Facility, you must purchase a point-of-sale system and computer system in accordance with our standards. The low figure represents the estimated cost of purchasing one computer system and the upfront costs associated with leasing a point-of-sale system. The high figure represents assumes you will operate a larger Facility and purchase multiple point-of-sale systems. If you are operating a Home-Based Facility, we do not require you to purchase a point-of-sale system. The low figure assumes you will use a cell phone or tablet you already own to process payments. The high figure represents the cost of purchasing a computer system and the upfront cost associated with leasing a point-of-sale system. See Item 11 for more information about computer hardware and software requirements.

Note 7. The cost for the creation, installation, and obtaining permits for signage depends on (a) the location of your Facility, (b) the types, number, and size of signage permitted by your landlord and local ordinances, and (c) whether you elect to install signage with lights or other upgraded features. If you are operating a Home-Based Franchise, we do not anticipate that you will purchase or install signage.

Note 8. This figure represents the estimated cost of your initial retail inventory, including collars, leashes, and consumables.

Note 9. These figures represent your estimated costs of travel, lodging, training fees, and living expenses for attending the initial training program.

Note 10. These figures represent your estimated costs of training materials which may include various training manuals, videos, exercises, manager checklists, POSI materials, POS manuals, labor scheduling system, budget materials, Human Resource Manuals, Marketing Manuals, and a New Facility Opening Manual. We reserve the right to charge $50.00 per attendee to cover the cost of training materials. The low figure assumes that your Operating Principal will serve as your General Manager and that your Operating Principal and Assistant Manager will attend our initial training. The high figure assumes that your Operating Principal will not serve as your General Manager and your Operating Principal, General Manager, and Assistant Manager will attend our initial training.

Note 11. This figure represents the estimated costs of acquiring the business licenses and permits for the Facility. Costs will vary depending on the state, municipality, and county governing the Facility.

Note 12. This figure represents the estimated costs of insurance deposits. See Item 8 for more information about our insurance requirements.

Note 13. The low figure represents the estimated costs for performing the minimum amount of advertising and marketing we recommend prior to opening your Facility and in the first three months of operations. The high figure represents the estimated costs of engaging our recommended provider for search engine optimization and internet advertising.

Note 14. These figures reflect your estimated working capital requirements for the first three months of operation. They include three months of rent, telephone, insurance, payroll, and other operating expenses. The figures do not include an owner's salary or finance payments. We relied on our affiliate's operating experience in compiling these working capital estimates. Your actual costs may vary and may exceed

these amounts. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 15. All amounts are non-refundable unless otherwise noted. Neither we nor any of our affiliates offer direct or indirect financing.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers; and Purchases According to Specifications

We may require you to purchase from our approved or designated suppliers or distributors all products and services necessary to construct and operate the Franchised Business, including: (1) fixtures, furniture, equipment, signs, items of decor, and audio/visual systems, (2) pet food, training collars, leashes, and other supplies and products (whether or not bearing our Marks or intended for resale), (3) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Marks), (4) advertising, point-of-purchase materials, and other printed promotional materials, (5) gift certificates and stored value cards, (6) stationery, business cards, contracts, and forms, (7) bags, packaging, and supplies bearing our Marks, (8) insurance coverage, (9) architectural services, and (10) payroll, accounting, and bookkeeping services.

If we have identified approved or designated suppliers for a particular product or service, and you wish to purchase from a different vendor or service provider, you must request our approval. We are not obligated to consider or grant your request, but if we choose to consider your request, we will provide you our criteria for supplier approval. We anticipate that we will be able to notify you of our approval or disapproval within 60 to 90 days from the date we receive all required information or complete any necessary inspections. We can impose a reasonable fee, up to $2,500 for these testing services. We may, at our option, periodically re-inspect a supplier's facilities, products, or services, and may revoke our approval at any time, in our sole discretion. We will pay the cost of any re-inspection.

You may purchase items or services for which we have not established approved designated suppliers from any source so long as they meet our Standards (which may include brand requirements). We will communicate our Standards to you in writing.

Currently neither we nor our affiliates are designated or approved suppliers for any other products or services. None of our officers owns an interest in any privately-held supplier or a material interest in any publicly-held supplier. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Training Facility

If you operate a Commercial Training Facility, you must acquire a site for the Franchised Business within your Service Area that meets our site selection criteria and that we approve. If you occupy the Commercial Training Facility according to a commercial lease, the lease must contain terms that we specify. (See Lease Addendum attached as Attachment F to the franchise agreement). You must construct, equip, and improve the Commercial Training Facility according to our current standards and specifications. We must review and approve all final plans and specifications before you begin constructing the Commercial Training Facility. We may inspect the Commercial Training Facility during its development and require reasonable alterations to ensure it complies with our plans and specifications.

If you operate a Home-Based Facility, you must reside within your Service Area. You must ensure that the Home-Based Facility complies with our standards and specifications for Home-Based Facilities. Your Home-Based Facility must be a minimum of 1,000 square feet, have climate control, and a yard enclosed with a fence of at least six feet in height. You must maintain clean and sanitary conditions in accordance with our standards and specifications.

Insurance

You must acquire and maintain insurance of the type and with minimum limits that we require. Our required coverage currently includes: (i) bodily injury/property damage general liability insurance in the amount of $1,000,000 per occurrence and $2,000,000 aggregate; (ii) fire, vandalism, and extended coverage with primary and excess limits of not less than the full replacement value of the Facility and its furniture, fixtures, and equipment; (iii) products and completed operations liability in the amount of $1,000,000 per occurrence and $2,000,000 aggregate; (iv) tenant's legal liability in the amount of $100,000; (v) workers' compensation insurance with limits no less than required by applicable law, but in no event less than $1,000,000 per accident, $1,000,000 for disease per employee, and $1,000,000 for disease; (vi) alternative coverage (where such insurance coverage is legally permitted) with substantially similar compensation for injured workers through an "A" rated carrier that is approved by us; (vii) automobile liability for owned, hired, and non-owned vehicles in the amount of $1,000,000 per occurrence and $2,000,000 aggregate; (viii) crime, money and security with limits of $10,000 inside/$10,000 outside and employee dishonesty in an amount of $25,000; (ix) business interruption/extra expenses, which may be obtained on an Actual Loss Sustained (ALS) basis for a minimum of 12 months or a stated value by location and based on a six month projected fixed operation costs, calculated by completing a Business Interruption Worksheet that should be provided by your insurance agent; (x) employment practices liability including third-party liability/trade name restoration in an amount of $1,000,000; (xi) umbrella in the amount of $2,000,000 (if you are granted the right to open and operate multiple Franchised Businesses by entering into multiple franchise agreements with us, you must acquire umbrella insurance in an amount of $5,000,000 (5 to 10 locations), $10,000,000 (11 to 15 locations), $15,000,000 (16 to 20 locations), or $20,000,000 (more than 20 locations), as applicable; and (xii) equipment breakdown up to the value of the property insured.

At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the additional insured and waiver requirements. If you fail to maintain the required insurance, we or our designee may (among other remedies) obtain the insurance for you and charge and demand reimbursement of the premium costs, plus an administrative charge not to exceed 15% of the premium amount as reimbursement for services in acquiring the insurance. We may periodically increase the types and amounts of required insurance coverage or otherwise modify our insurance requirements at any time.

Each policy of insurance must name us and our affiliates, and each company's officers, shareholders, directors, managers, members, agents, and employees as additional named insureds on a primary non-contributory basis. Coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us). The policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellations, or expirations. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Facility is located and must have an A.M. Best rating of "A" or higher.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from your purchases and leases to the extent that you purchase goods and/or services from us and our affiliates. We or our affiliates may also receive a rebate from our designated e-collar supplier of 3% of franchisee purchases. In our last fiscal year ending December 31, 2022, we received $5,786.59 based on franchisee's purchases from our designated e-collar supplier, equaling 2.15% of our total revenue.

We estimate that all required purchases and leases comprises between 60% and 70% of the total cost of establishing a franchise (excluding franchise fees and real estate), and that your ongoing inventory and lease expenses are between 60% and 70% of operational costs thereafter.

We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular supplier.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with suppliers for the benefit of franchisees. Presently there are no purchasing or distribution cooperatives in existence for the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1 and 3.2	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3.3, 6.5, 6.6, and 10.1	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3.2, 3.3, 3.4, 5.1, and 5.2	Items 7, 8, and 11
d. Initial and ongoing training	Sections 5.1, 5.2, 5.3, 5.4, 5.5, and 5.6	Items 6 and 11
e. Opening	Sections 3.5, 5.2, and 5.3	Item 11
f. Fees	Sections 4.1, 4.2, 4.3, 4.8, 9.3, 9.4, 9.5, 12.2, 12.3, and 12.4	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/ Operating Manual	Article 8	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Article 7	Items 11, 13, and 14
i. Restrictions on products/services offered	Sections 6.4, 6.5, 6.6, 6.7, and 6.9	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Sections 6.4, 6.5, and 8.2	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 6.3, 6.6, 6.8, and 8.2	Items 7, 8, and 11
n. Insurance	Section 11.2	Items 7 and 8
o. Advertising	Article 9	Items 6 and 11
p. Indemnification	Section 11.3	Items 6 and 12
q. Owner's participation/ management/staffing	Sections 6.2 and 6.3	Item 15
r. Records and reports	Sections 10.4, 10.5, and 10.6	Item 6

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
s. Inspections and audits	Sections 6.8 and 10.7	Items 6 and 11
t. Transfer	Article 12	Items 6 and 17
u. Renewal	Section 2.2	Item 17
v. Post-termination obligations	Article 14	Items 6 and 17
w. Non-competition covenants	Article 15	Item 17
x. Dispute resolution	Article 19	Item 17

ITEM 10
FINANCING

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note, or other obligations.

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

Except as listed below, ADU Franchise limited liability company is not required to provide you with any assistance.

Pre-Opening Obligations.

Before you begin operating the Franchised Business, we will:

1. If you are granted the right to operate a Commercial Training Facility, approve or deny approval of a site within 30 days of receiving the required information. (Franchise Agreement, Section 3.1).
2. Admit up to three individuals to our initial training program, described below. (Franchise Agreement, Section 5.1).
3. Provide you the pre-opening consultation and advice as we deem appropriate, which may include advice with regard to building layout, furnishings, fixtures, and equipment, purchasing, and initial advertising and promotion. (Franchise Agreement, Section 5.2).
4. Provide up to three days of additional on-site assistance within the first 45 days of your business operations. (Franchise Agreement, Section 5.3).
5. Loan you one copy of our Manuals. (Franchise Agreement, Section 8.1). The Table of Contents of our Manuals, which reflects the total number of pages and pages devoted to each subject, is attached to this disclosure document as Exhibit A. The total number of pages in the Manual is 182 pages.

Continuing Obligations.

During the operation of the Franchised Business:

1. We will provide such ongoing consultation and advice as we deem appropriate, which may include providing information about new services, programs, and products, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.4).
2. At your request, we will provide additional on-site training assistance subject to availability of personnel and your agreement to pay our then-current rates (Franchise Agreement, Section 5.5).
3. We will provide you with additional training, as we deem appropriate. We reserve the right to charge a tuition fee for such training. (Franchise Agreement, Section 5.6).
4. We will communicate to you information about our approved and designated suppliers. (Franchise Agreement, Section 6.5).
5. We have the right, but not the obligation, to establish minimum and maximum pricing unless prohibited by law (Franchise Agreement, Section 6.9).

Advertising

Our advertising program for the services that you will provide currently consists of Internet and social media marketing. Our advertising materials currently are created with an outside advertising agency. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below.

We must approve all of your promotional and marketing materials before you use them. To obtain approval, you must provide samples of the proposed materials and notify us of the intended media at least 14 days before their intended use. Any proposed materials not approved within 10 days after we receive them will be deemed not approved. We have the right to disapprove materials that we have previously approved by providing you written notice of our disapproval.

We may, in our sole discretion, elect to form an advertising council for the benefit of the franchise system. As of the date of this disclosure document, there is no advertising council in effect for the franchise system.

Brand Development Fund

We reserve the right to establish a Brand Development Fund ("Fund"). If we establish a Fund, we may require you to contribute to the Fund in an amount we specify but not to exceed 1% of your Gross Sales, which contribution will be collected in the same manner as the Royalty Fee.

We may use Fund monies to pay for creative development services (including creation and modification of Facility design and trade dress, logos, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, conducting customer surveys, focus groups, and marketing and compliance-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing, and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Facility advertising and promotion in a particular area or market, or for the benefit of a particular Franchised Business or Franchised Businesses concerning franchise opening promotion or otherwise, conducting and administering in-Facility promotions; preparing and executing direct mail advertising, and developing, producing, and purchasing point-of-sale advertising, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating, and hosting our web site (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, gift certificates, stored value card and loyalty card

programs, and customized promotions, and the cost of product associated with the redemption of free coupons, gift certificates, stored value cards, loyalty cards, and/or other customized promotions; developing and administering other customer loyalty programs; developing and administering online booking and reservation platforms; providing and procuring public relations services; conducting public relations activities; charitable donations; membership fees in international, national, regional, and/or local trade or other associations or organizations. We also may use Fund monies to reimburse ourselves for our costs of personnel and other administrative and overhead costs associated with providing the services described in this paragraph.

We will administer the Fund. We will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but we may include in all advertising prepared using Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for use during the next year. We are not required to spend any amount on advertising in your area or territory.

Although not contractually required to do so, we anticipate that each Facility owned by us or an affiliate of ours will contribute to the Fund on the same basis as our franchisees. Upon your reasonable written request, we will provide you an annual unaudited statement of Fund contributions and expenditures. As of December 31, 2022, the fund has had no contributions and no expenditures.

Local Marketing

Each month, you must spend at least 2% of Gross Revenue to promote your Franchised Business in your market area. You must provide us a quarterly report of your local advertising expenditures within 15 days following the end of each calendar quarter. None of the following expenditures satisfy your local advertising expenditure requirement: (1) incentive programs for your employees or agents; (2) non-media promotional costs; (3) charitable, political, or other contributions or donations; (4) fixtures or equipment; or (5) grand opening expenses.

Advertising Cooperative

We can designate any geographic area in which two or more company-owned or franchised Facilities are located as a region for an advertising cooperative ("Cooperative"). If a Cooperative is established for an area in which your Franchised Business is located, you must become a member of the Cooperative and participate in the Cooperative. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. Contribution levels will be established by majority vote, with each Facility entitled to one vote. We anticipate that franchisor-owned Facilities will contribute to the fund on the same basis as franchisees. Any amounts contributed to an Advertising Cooperative are credited against your Local Marketing requirement.

We have the sole right to form, change, dissolve, and merge Cooperatives and to create and amend any organizational and governing documents of any Cooperative. As no Cooperatives have yet been established for the franchise system, governing documents are not available for your review. Once established, we may terminate and/or dissolve the Cooperative at any time. The Cooperative will not be terminated, however, until all monies in the Cooperative have been expended for authorized purposes or returned to contributing Facilities (whether franchised or company or affiliate-owned), without interest, on the basis determined by a majority vote of its members. Each Cooperative must prepare annual, unaudited financial statements, which will be made available to its contributing members.

Computer Systems

If you are operating a Commercial Training Facility, you must purchase, install, and maintain electronic point-of-sale cash register systems to record sales and transaction data and track purchases. To operate the POS System, you will need to connect to a high-speed communications device which is capable of accessing the Internet via a third-party network. If you are operating a Home-Based Facility, you may use a cell phone, tablet, or computer to process purchases. We have the right to independently access all information and financial data recorded by the system for daily polling, audit, and sales verification. You must provide us with login information and access to your POS system. Updates or replacement of the POS System, both hardware and software, may be required. There is no contractual limitation on the frequency or cost of these obligations.

You may either purchase or lease the POS system. If you choose to lease your POS system, we anticipate that there will be no upfront costs and that the annual cost of the lease will be $240. If you choose to purchase the POS system, we anticipate that your cost will be $420.

We estimate the cost of purchasing required computer hardware will be $500 for a Commercial Training Facility and between $0 to $500 for a Home-Based Facility. As technology or software is developed in the future, we may require you to acquire additional, new, or substitute software, and replace or upgrade your computer system and software.

You must: (a) use any software programs, system documentation manuals, and other materials that we require in connection with the operation of the Franchised Business; (b) input and maintain in your computer such data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation manuals, and other materials at then-current prices whenever we adopt new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, "terms of use" agreements, and software and hardware maintenance agreements, in the form and manner we prescribe, and pay all fees imposed under the agreements. We anticipate the annual costs of required update and maintenance contracts to be $0.

We may require that you connect to a web-based application that enables us to independently access and poll all information and electronic files relating to the Franchised Business, whether stored on your hard drive, on-site, or off-site servers. There is no contractual limitation on our right to independently access this information. You are responsible for complying with all applicable and current Payment Card Industry Data Security Standards ("PCI DSS") requirements and other data security policies that we may implement. For more information about PCI DSS, you may visit https://www.pcisecuritystandards.org/.

Except as described above, neither we nor our affiliates, nor any third-party must provide ongoing maintenance, repairs, upgrades, or updates to your computer system or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for your computer hardware or software.

Initial Training Program

Your Operating Principal, General Manager (if different from your Operating Principal), and Assistant General Manager must attend and complete, to our satisfaction, our initial training program.

The initial training program will be conducted within a reasonable time after you sign a franchise agreement, and before the opening of your Franchised Business. Three individuals may attend our initial training program without a tuition charge; however, we may require you to pay $50.00 per attendee to cover the cost of the training materials, as described below. If you wish to send additional individuals to training, we reserve the right to charge you a tuition fee per additional attendee.

Our initial training program will be held at our headquarters in Carrollton, Texas, or other location that we designate, on an as-needed basis. We reserve the right to hold our initial training program virtually. We do not maintain a formal training staff. Training will be conducted by Mathew Claeys who has served a Training Director for us and our affiliate since February 2021 and has eight years of experience in

training and team development. Our initial training program is held over a 2-week period, and includes the following subjects:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Program orientation	2	0	Carrollton, Texas
Training review/expectations	2	0	Carrollton, Texas
Management orientation	2	0	Carrollton, Texas
Equipment introductions	0	0	Carrollton, Texas
Facility maintenance	0	2	Carrollton, Texas
Program training	0	20	Carrollton, Texas
Week 1 Total	**6**	**22**	
Daily administration	2	0	Carrollton, Texas
Quality assurance	1	0	Carrollton, Texas
In-house marketing	2	0	Carrollton, Texas
Systems and procedures	2	0	Carrollton, Texas
Planning and budgeting	2	0	Carrollton, Texas
Inventory	1	0	Carrollton, Texas
Program training	0	20	Carrollton, Texas
Week 2 Total	**10**	**20**	

You are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining expenses for each individual who attends training on your behalf. We also reserve the right to charge $50.00 per attendee to cover the costs of course material, which may include various training manuals, videos, exercises, manager checklists, POSI materials, POS manuals, labor scheduling system, budget materials, Human Resource Manuals, Marketing Manuals, and a New Facility Opening Manual. We will not charge a tuition or other fees for three attendees, provided they all attend the same training class.

We will provide at least one trainer to provide three days of on-site training at your Facility. Upon your request and our approval, we may provide additional on-site training. You must pay our then-current rate, currently $250 per trainer, per day, and reimburse us our travel, lodging, and dining costs.

Upon your request and our approval, we may provide on-site management consultation. If we provide these services, you must pay us $400.00 per trainer, per day in addition to our travel, lodging, and dining expenses.

We may periodically require your Operating Principal, General Manager, Assistant Manager, and other of your personnel to attend additional training courses or programs. We may also make optional training courses or programs available to you or your employees at locations we select, to instruct on new training techniques, procedures, or programs. We may charge a reasonable fee or tuition for this additional training and you are responsible for all training-related expenses, including travel, lodging, and dining expenses for these individuals and wages and salaries payable during training.

Site Selection and Commencing Operations

We estimate the typical length of time between signing a franchise agreement and beginning operations to range from six months after you sign your franchise agreement if you are operating a Commercial

Training Facility, or two to three months if you are operating a Home-Based Facility after you sign the franchise agreement. Factors affecting this length of time can include your ability to secure a location for the Commercial Training Facility, to install appropriate equipment, and how soon you can begin training.

We generally will not own or lease the site to you. You are responsible for conforming the site to local ordinances and building codes and obtaining any required permits. You are responsible for constructing, remodeling, and decorating the site in accordance with our Standards. We will provide our written specifications for equipment, signs, fixtures, inventory, and supplies. We do not provide, deliver, or install these items.

Commercial Training Facility

If you are operating a Commercial Training Facility and the location of the Facility has not been identified as of the date the franchise agreement was signed, you must propose a site that meets our criteria. We will notify you of our acceptance or rejection of the site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location, neighborhood, and physical characteristics of the property. If you fail to find a site that is acceptable to us within 90 days of the Effective Date of the franchise agreement, we may terminate the franchise agreement.

Unless we otherwise agree in writing, you must commence operating the Franchised Business within six months after you select and we approve your site, but in no event more than nine months after you sign the franchise agreement. If you do not begin operating the Franchised Business within this time, we have the right to terminate the franchise Agreement.

Home-Based Facility

If you operate a Home-Based Facility, you must reside within your Service Area. You must ensure that the Home-Based Facility complies with our standards and specifications for Home-Based Facilities. Your Home-Based Facility must be a minimum of 1,000 square feet, have climate control, and a yard enclosed with a fence of at least six feet in height. Unless we otherwise agree in writing, you must commence operating the Franchised Business within 90 days after you sign the franchise agreement.

ITEM 12
TERRITORY

Franchise Agreement

You will operate the Franchised Business within a "Service Area" that we will select before you sign the franchise agreement. Your Service Area will be identified on a map attached to the franchise agreement Summary Page. It may be identified by reference to streets, natural boundaries, or ZIP codes, or may be comprised of one or more cities or counties.

You may relocate the Facility, only with our prior written consent. If you operate a Commercial Training Facility, we will consent to relocation if your lease expires or terminates through no fault of yours, or if the Facility premises is destroyed or materially damaged by fire, flood, or other natural catastrophe and the new location meets our then-current standards and criteria and you are not in default of the franchise agreement or any other agreement with us. With respect to a Home-Based Facility, we will consent to the relocation if the new location meets our then-current standards and criteria, is located within the Service Area, and you are not in default of the franchise agreement or any other agreement with us.

Except as described below, 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.

If you operate a Commercial Training Facility, your Service Area will contain a "dog population" of between 20,000 and 40,000. We determine "dog population" by using United States Census data (for humans), by applying the following formula:

(1) Divide total population by 2.5 to obtain "household population"

(2) Multiply household population by .372 to obtain "dog-owning households"

(3) Multiply dog-owning households by 1.7 to obtain "dog population."

If you operate a Home-Based Facility, your Service Area will be assessed on a case-by-case basis. The minimum Service Area may vary depending on the location, size of the Home-Based Facility, and local demographics. Densely populated, urban areas will likely be smaller, while suburban or rural areas may be larger.

You also may market and provide services in other areas, except for areas that fall within the "Service Areas" granted to other franchisees. However, you may not use other channels of distribution, such as the Internet or catalog sales outside of your Service Area.

During the franchise term, we agree not to grant anyone but you the right to provide dog training, grooming, and boarding services in your Service Area under the ALL DOGS UNLEASHED name. We and our affiliates also will refrain from providing similar services under the ALL DOGS UNLEASHED name in your Service Area. However, we may develop, operate, and offer other similar concepts that may compete with franchisees under different marks, although we have no current plans to do so. We reserve to ourselves all other rights, including the right to own and operate and to grant others the right to own and operate ALL DOGS UNLEASHED Facilities outside of the Service Area, regardless of their proximity to the Franchised Business wherever located. We also have the right to distribute products and services identified by the Marks, such as books, videos, instructional materials, pet products, dog toys, foods and treats, leashes, collars, apparel, and other retail items, through alternative channels of distribution including retail stores, supermarkets, convenience stores, specialty stores, and via mail order, catalog sales, and/or the Internet. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

We do not grant any additional rights of first refusal to obtain additional franchise rights. If you wish to develop additional franchises, you must enter into a new franchise agreement and meet all of our current requirements for franchisees. There are no circumstances that permit us to modify your Service Area without your consent.

ITEM 13
TRADEMARKS

We own and have registered the following Mark on the Principal Register of the U.S. Patent and Trademark Office and have filed all required affidavits and renewals:

Mark	Registration Number	Registration Date	International Class
ALL DOGS UNLEASHED (Standard Characters)	4945034	April 26, 2016	041, 043

Mark	Registration Number	Registration Date	International Class
	6939846	January 3, 2023	041, 043

There is no presently effective determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use, or licensing. There are no directly infringing uses actually known to us that could materially affect your use of the Marks, however, we have not conducted an exhaustive search of users of names which may be the same or similar to our marks. There are no agreement currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "™", or "℠", as appropriate. You may use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks, or our right to use or to sublicense the use of the Marks. You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your corporate name and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER) or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works (defined in Item 14 below), or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. In the event of a lawsuit relating to your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to the action. Unless the action is the result of your use of the Marks or Copyright Works in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your associated costs.

We have the right to create new, modified or replacement Marks, and to require you to use them in

addition to or in lieu of any previously designated Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manual, the design elements of our Marks, our Facility design, our training methods and techniques, our advertising and promotional materials, and the content and design of our website (the "Copyrighted Works").

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites (such as FACEBOOK, INSTAGRAM, or TWITTER).

You and your employees must maintain the confidentiality of all information contained in the Manuals and other information that we consider confidential, proprietary, or trade secret information. Confidential Information means all trade secrets, and other elements of the System; all personal identifying information for each customer; all information contained in the Manuals; and standards and specifications for services and products offered; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the franchise agreement, any training we provide, and all other information that we designate (collectively, "Confidential Information"). You must implement any reasonable procedures we may adopt to protect our Confidential Information including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-disclosure and non-competition provisions.

You may not contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Facility, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

The Facility must be supervised on-premises by an individual you designate as your "Operating Principal." If you are an individual, you will be the Operating Principal. If the franchisee is a business entity, your Operating Principal must hold at least a 25% ownership interest in the entity. This interest may not be pledged, mortgaged, hypothecated, or be subjected to any lien, charge, or encumbrance, voting agreement, proxy, security interest, or purchase right or option, without our consent.

Unless a General Manager is appointed, as discussed below, your Operating Principal must devote their full time and best efforts to supervising operations and may not engage in any other business. They must satisfy our training requirements and our other standards and must successfully complete our initial training program.

You may, at your option and subject to our written consent, designate a General Manager to supervise

Facility operations. However, your Operating Principal remains ultimately responsible for the General Manager's performance. The General Manager must satisfy our standards, successfully complete our training program, and devote their full time and best efforts to the supervision of your operations under the franchise agreement.

You must also designate, and we must approve, an Assistant General Manager to assist in the supervision of the Facility operations. Your Assistant Manager must satisfy our standards and successfully complete our training program.

You must notify us promptly if your Operating Principal, General Manager, and/or Assistant Manager cannot continue to serve or no longer qualifies for their position. You will have 30 days from the date of the notice (or from any date that we independently determine the Operating Principal, General Manager, or Assistant Manager no longer meets our standards) to take corrective action. During that 30-day period, you must provide for interim management of your operations in compliance with the franchise agreement.

If the franchisee is a business entity, each Owner, including your Operating Principal, must sign a Guaranty and Personal Undertaking substantially in the form attached as Attachment D-1 to the franchise agreement. Any individual, including your General Manager (if different than your Operating Principal) and Assistant Manager, who attends our initial training program must sign a confidentiality and non-compete agreement substantially in the form attached as Attachment D-2 to the franchise agreement. You must have your General Manager, Assistant Manager, and any other personnel whom we request who will have access to our training, sign covenants not to compete and agree to maintain the confidentiality of information they have access to through their relationship with you, in the form attached as Attachment D-2.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and provide all services, programs, and products that we require. You may not offer or provide or sell any services, programs, or products that we have not approved in writing. We may add, eliminate and change authorized products and services periodically, by written notice, and you must comply with all directives. There are no limits on our right to make changes.

We have the right to establish maximum, minimum or other pricing requirements to the extent permitted by law.

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.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 2.1	10 years.
b. Renewal or extension of the term	Section 2.2	If you are in good standing, you can renew the franchise for two additional 5-year terms.

Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Sections 2.2	You can renew your right to operate the franchised facility for two additional 5-year terms so long as you meet the conditions for renewal. Provide us notice of your intent to renew, be in compliance with the franchise agreement, satisfy any outstanding financial obligations to us, renovate and refurbish the Facility, demonstrate to us that you have the right to remain in possession of the Facility premises, comply with our then-current qualifications and training requirements, release us and require your owners to release us from all prior claims, sign a successor franchise agreement, and pay a renewal fee. When you renew, you must sign our then-current form of franchise agreement, which may be materially different than the current form and may reflect different royalty fee and other financial obligations.
d. Termination by franchisee	Not applicable	No provision, however, you may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not applicable	No provision.
f. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3, 13.4, 13.5, and 13.6	We can only terminate if you are in default.
g. "Cause" defined – curable defaults	Sections 13.3, 13.4, 13.5, and 13.6	We can terminate the franchise agreement after providing you a 10-day cure period if you fail to maintain minimum insurance coverage, fail to pay any amounts due to us, fail to pay amounts due to your trade creditors (except if there is a bona fide dispute), fail to pay any amounts for which we have advanced funds or that we have guaranteed for your benefit, or fail to comply with requirements set forth in the Manual. We can terminate the franchise agreement upon delivery of notice and after a 30-day cure period for any other violation of the franchise agreement. We can terminate the franchise agreement on account of your failure to timely cure any default under any agreement between you and us or our affiliates.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections 13.1 and 13.2	The Franchise Agreement will terminate automatically in the event of your insolvency or bankruptcy. We can terminate the franchise agreement without providing you an opportunity to cure if your Operating Principal, General Manager, or Assistant Manager fails to successfully complete our initial training program, if you fail to commence operations within the required time period, you abandon the Franchised Business, you lose your license to operate the Franchised Business or occupy the premises, you or any of your Owners commit certain types of crimes, you or your owners violate any transfer restrictions, you or any Owner fails to comply with confidentiality or non-compete obligations, you or any Owner has made any misrepresentation on your franchise application, if an imminent threat or danger to public health or safety, or the health or safety of any animal, results from the operation of the Franchised Business, if you misstate your Gross Sales or knowingly maintain false books or accounting records, you misuse the Marks or Copyrighted Works or offer unauthorized products or services, you purchase products or services from unapproved sources, you fail to pass two or more quality assurance inspection in any rolling 12-month period, or we deliver to you two default notices within any 12-month period.
i. Franchisee's obligations on termination/ nonrenewal	Article 14	You must cease use of our trademarks, de-identify, pay all amounts due to us, and return the Manuals to us. We may, at our option, assume all telephone numbers, telephone listings, and telephone directory advertisements. We may, at our option, assume your lease and purchase the business assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or e-mail addresses which contain our Marks. (See also "r" below.)
j. Assignment of contract by franchisor	Section 12.1	There are no restrictions on our right to assign.
k. "Transfer" by franchisee – definition	Sections 12.2, 12.3, and 12.4	Includes transfer of the franchise or change in ownership of the franchise entity.
l. Franchisor's approval of transfer by franchisee	Section 12.4	Transfers require our prior written consent, which will not be unreasonably withheld.

Provision	Section in Franchise Agreement	Summary
m. Conditions for franchisor's approval of transfer	Section 12.4	You must be in compliance with the franchise agreement and all other agreements with us or our affiliates. You must also sign a general release, and all of your monetary obligations to us must be satisfied on or before the date of transfer. The new franchise owner must: meet our current qualifications; complete training; sign our then-current form of franchise agreement for the remaining term; and refurbish the Facility; sign a guaranty and a general release; pay transfer fee. Additional requirements apply to business entities. (See also "r" below.)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.8	We can match any offer to purchase your business or an ownership interest in the franchisee entity.
o. Franchisor's option to purchase franchisee's business	Section 14.4	Upon expiration or termination of your franchise agreement, we have the option to purchase your equipment, furnishings and fixtures at the lesser of your cost and their then-current fair market value.
p. Death or disability of franchisee	Section 12.9	Same requirements as for transfer in "m" above, except there is no transfer fee and we do not have a right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder's) death or legal incapacity, your franchise agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Section 15.1	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any other business providing dog training, grooming, or boarding services in the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; no diversion of any present or prospective customer of ours to a competitor; no solicitation of ours or any of our affiliate's management employees.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	For a two-year period following expiration, termination or transfer of the franchise, neither you nor your owners may (i) perform dog training, grooming, or boarding services for any customer or former customer of the Franchised Business or (ii) own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any business providing dog training, grooming, or boarding services within or within 25 miles from the perimeter of your former Service Area, or within or within 25 miles of the perimeter of any other ALL DOGS UNLEASHED business no diversion of any present or prospective customer of ours to a competitor; no solicitation of ours or any of our affiliate's management employees.
s. Modification of the agreement	Sections 18.1 and 18.2	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1 and 18.2	Only the terms of the franchise agreement and other related written agreements are binding (subject to federal law). Any other promises may not be enforceable. Nothing in the franchise agreement or any other related agreement is intended to disclaim representations contained in this franchise disclosure document. Any representations or promises outside of the Franchise Disclosure Document and other agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 19.2 and 19.3	Claims, controversies, or disputes from or relating to the franchise agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information. If the claims, controversies, or disputes are not resolved in mediation, they must be submitted for arbitration (subject to relevant state law).
v. Choice of forum	Sections 19.2, 19.3, and 19.4	Mediation and arbitration at the AAA offices located in the city where our principal business office is located at the time mediation and/or arbitration occurs. Venue for any other proceeding is the courts in the county in which we maintain our principal business office (subject to applicable state law).
w. Choice of law	Section 19.1	Disputes are governed under the laws of the State of Texas, (subject to applicable state law) without regard to its conflict of law rules.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote the 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.

As of December 31, 2022, there were three affiliate owned ALL DOGS UNLEASHED Commercial Training Facilities and 12 licensee or franchisee owned ALL DOGS UNLEASHED Facilities. Of these Facilities, one affiliate owned Facility and two franchisee owned Facilities opened in 2022 and, therefore, did not operate for the full 2022 calendar year. Of the Facilities that operated for the full 2022 calendar, two affiliate owned Facilities and three licensee owned Facilities were Commercial Training Facilities and seven licensee owned Facilities were Home-Based Facilities. The charts below reflect the historical gross revenue information of the two affiliate owned Facilities and ten licensee owned Facilities that were open and operated during the full 2022 calendar year.

Gross Revenue[1] of Affiliate Owned Commercial Training Facilities - 2022

Facility	Gross Revenue
Carrollton, Texas[2]	$4,768,113.47
Shreveport, Louisiana[3]	$713,519.89

Gross Revenue[1] of Licensed Commercial Training Facilities – 2022[4]

Facility	Gross Revenue
Omaha, Nebraska	$1,241,862
Charlotte, North Carolina	$1,067,672
Austin, Texas	$718,817

Gross Revenue[1] of Licensed Home-Based Facilities – 2022[4]

Facility	Gross Revenue
Prescott, Arizona	$210,895
Denver, Colorado	$503,560
Tampa, Florida	$283,846
Des Moines, Iowa	$418,982
Kansas City, Missouri	$1,151,409

San Antonio, Texas	$649,606
Nashville, Tennessee	$380,903

Note 1. "Gross Revenue" means total revenue derived from the sale of goods and services less sales tax, discounts, allowances, and returns.

Note 2. All Dogs Unleashed, LLC opened the first Commercial Training Facility in December 2012 in Carrollton, Texas. During the reported period, this Commercial Training Facility had brand recognition in the local market and a customer base. This Facility operates as a Commercial Training Facility, which has a larger square footage and a higher capacity than a Home-Based Facility and the minimum square footage requirements for a franchised Commercial Training Facility. The dog population (as defined in Item 12) for the Carrollton facility was approximately 559,926. Please see Item 1 for more information about the franchise models we offer.

Note 3. The Shreveport, Louisiana Commercial Training Facility transferred from a franchised Facility to an affiliate-owned Facility on May 1, 2022. This Facility operates as a Commercial Training Facility, which has a larger square footage and a higher capacity than a Home-Based Facility and the minimum square footage requirements for a franchised Commercial Training Facility. Currently, this Facility does not have a specified territory or protected area.

Note 4. The figures reflected in the charts above were compiled from unaudited information reported to us by our licensees.

Written substantiation for the financial performance representation will be made available to you upon request.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

Except for this information, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brian Claeys at 2401 Luna Road, Carrollton, Texas 75006, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	11[1]	+11
	2022	11	12	+1
Company Owned	2020	1	1	0
	2021	1	1	0
	2022	1	3	+2

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2020	1	1	0
	2021	1	12	+11
	2022	12	15	+3

Note 1. This figure includes licensees of our affiliate All Dogs Unleashed LLC, which were transferred to us in 2021. These outlets opened under their respective license agreements between 2018 and 2021.

Table No. 2
Transfers of Training Facilities from Franchisee to New Owners (other than the Franchisor) For Years 2020 to 2022

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Colorado	2020	0	0	0	0	0	0	0
	2021	0	1[1]	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	1[2]	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Idaho	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Iowa	2020	0	0	0	0	0	0	0
	2021	0	1[3]	0	0	0	0	1

	2022	1	0	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	1[4]	0	0	0	0	1
	2022	1	0	0	0	1	0	0
Minnesota	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	1[5]	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	1[6]	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	2[7]	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	1[8]	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	0	0	0	0	0	0	0
	2021	0	1[9]	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	0	0	0	0	0	0	0
	2021	0	11	0	0	0	0	11
	2022	11	2	0	0	1	0	12

Note 1. One licensee located in Colorado entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2019, but the license agreement transferred to us in 2021.

Note 2. One licensee located in Florida entered into a license agreement with our affiliate All Dogs Unleashed LLC. In 2022, the licensee entered into a franchise agreement with us for this location.

Note 3. One licensee located in Iowa entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2019, but the license agreement transferred to us in 2021.

Note 3. One licensee located in Louisiana entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2018, but the license agreement transferred to us in 2021.

Note 4. One licensee located in Nebraska entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2018, but the license agreement transferred to us in 2021.

Note 5. One licensee located in North Carolina entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2017, but the license agreement transferred to us in 2021.

Note 6. Two licensees located in Texas entered into a license agreement with our affiliate All Dogs Unleashed LLC. These facilities opened in 2020, but the license agreement transferred to us in 2021.

Note 7. One licensee located in Tennessee entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2021.

Note 8. One licensee located in Missouri entered into a license agreement with our affiliate All Dogs Unleashed LLC. This facility opened in 2018, but the license agreement transferred to us in 2021.

Table No. 4
Status of Company Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Louisiana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
Oklahoma	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Texas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	1	1	0	0	3

Table No. 5
Projected Openings
As of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
South Carolina	0	0	0
Texas	0	0	0
Florida	0	0	0
Total	0	0	0

Our current list of the names and current addresses of our franchisees is located in Exhibit G. Any franchisees who have not renewed or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not

communicated with us within 10 weeks of the issuance date of this disclosure document in listed in Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed within the last three years a confidentiality clause with us that would restrict the franchisee's ability to openly communicate with you. There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit E, are our audited financial statements as of December 31, 2022 and December 31, 2021 and our unaudited balance sheet and income statement as of April 30, 2023.

Our fiscal year ends December 31. We have not been in business for three years or more and, therefore, cannot include all the financial statements required by this Item.

ITEM 22
CONTRACTS

Attached to this disclosure document is a copy of the following:

EXHIBIT D Franchise agreement and the following attachments to the franchise agreement:

Attachment A	Glossary of Additional Terms
Attachment B-1	Service Area
Attachment B-2	Facility Location
Attachment C	Entity Information
Attachment D-1	Personal Guaranty and Undertaking
Attachment D-2	Confidentiality and Non-competition Agreement
Attachment E	ACH Authorization
Attachment F	Lease Addendum
Attachment G	Telephone Number Assignment Agreement
Attachment H	Franchisee Questionnaire

EXHIBIT F General Release (Sample Form Only)

ITEM 23
RECEIPTS

The last two pages of this disclosure document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses, and telephone numbers of our franchise sellers or brokers.

STATE APPENDIX

FOR THE STATE OF CALIFORNIA

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

Item 3 is supplemented by the following:

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

Item 17 is supplemented by the following:

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

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

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

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

The franchise agreement requires binding arbitration. The arbitration will occur in the city where the franchisor's principal place of business is located at the time of the arbitration, currently Carrollton, Texas. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 15.1 of the Franchise Agreement that is disclosed in Item 17, row q.

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.

Item 17 section t is amended to state: "Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable."

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

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFRONIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

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

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

FOR THE STATE OF HAWAII

The following is added to the Cover Page

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR

OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

FOR THE STATE OF ILLINOIS

1. Notwithstanding the provisions of the Franchise Agreement that Texas law shall govern, Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Illinois Franchise Disclosure Act.

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

3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

6. Item 5 is supplemented with the following:

Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status

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

FOR THE STATE OF MARYLAND

Item 17 of the Franchise Disclosure Document is amended as follows:

1. Any release required as part of the Agreement or as a condition of the sale, renewal, and/or assignment/transfer of the franchise shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. If any contrary provision in the Franchise Agreement, any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

3. Subject to your arbitration obligations, any provision in the Franchise Agreement which requires litigation may be conducted in a forum other than the State of Maryland will not limit any rights you may have under the § 14-216(c)(25) of the Maryland Franchise Law to bring suit in the State of Maryland.

4. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq*.).

5. The Franchise Agreement requires application of the laws of Texas, although claims arising under the Maryland Franchise and Disclosure Law shall be governed by such law.

Item 5 is supplemented with the following:

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

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

FOR THE STATE OF MINNESOTA

Item 13 of the Franchise Disclosure Document is amended as follows:

Pursuant to Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we are required to protect any rights which you have to use our proprietary marks.

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred that you incur in the defense of your right to use the Marks, so long as you were using the Marks in the manner that we authorized, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Item 17 of the Franchise Disclosure Document is amended as follows:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that (1) a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement, and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

To the extent that any condition, stipulation, or provision contained in the Franchise Agreement (including any choice of law provision) purports to require any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota, to waive compliance with the Minnesota Franchises Law, such condition, stipulation, or provision may be void and unenforceable under the non-waiver provision of the Minnesota Franchises Law.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

The charge for Non-Sufficient Funds (NSF) cannot exceed $30.

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

FOR THE STATE OF NEW YORK

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

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

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

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

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

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

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

3. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

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

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

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

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

FOR THE STATE OF NORTH DAKOTA

1. The Securities Commissioner for the State of North Dakota has determined that the following types of provisions are deemed to be contrary to North Dakota law:

(a) A provision requiring a North Dakota franchisee to sign a general release upon renewal of the Franchise Agreement;

(b) A provision requiring a North Dakota franchisee to consent to termination penalties or liquidated damages;

(c) A provision requiring a North Dakota franchisee to consent to the jurisdiction of courts outside the state of North Dakota;

(d) A provision restricting the time in which a North Dakota franchisee may make a claim to less than the applicable North Dakota statute of limitations;

(e) A provision calling for the waiver by a North Dakota franchisee of the right to trial by jury;

(f) A provision requiring a North Dakota franchisee to consent to a waiver of exemplary and punitive damages.

Any and all provisions in the Franchise Agreement that are in violation of Paragraphs 1 (a-f) are deleted.

2. North Dakota Century Code Section 9-08-06 subjects covenants not to compete to the provisions of that statute. The covenants not to compete contained within the Franchise Agreement are subject to Section 9-08-06 and may be unenforceable under North Dakota law.

3. The site of any mediation or arbitration of the parties' disputes shall be at a site mutually agreeable to all parties. If all parties cannot agree upon a location, the arbitration or mediation shall be Fargo, North Dakota, or, at Franchisor's option, by remote hearing.

Item 5 is supplemented by the following:

Franchisor will defer collection of the initial franchise fees until franchisee has opened the franchised business. After Franchisee opens the franchised business, Franchisee must pay to Franchisor the initial franchise fees. Payment of the initial franchise fees is fully earned and is nonrefundable.

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

FOR THE STATE OF RHODE ISLAND

Section 19-28.1-14 of the Rhode Island Franchise Act ("Act") provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

FOR THE STATE OF SOUTH DAKOTA

Based upon the franchisor's financial condition, the South Dakota Division of Securities has required a fee deferral until all pre-opening obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

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

FOR THE COMMONWEALTH OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the disclosure document is supplemented by the following:

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

2. The following Risk Factor is added to the disclosure document:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $152,500 to $1,391,500. This amount may exceed the franchisor's stockholders' equity as of December 31, 2022, which is $179,596.

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

FOR THE STATE OF WISCONSIN

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

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

FOR THE STATE OF WASHINGTON

The following is added to the Disclosure Document for Washington residents:

Item 5, Initial Fees

Franchisor will defer collection of the initial franchise fees until Franchisee has opened the franchised business. After Franchisee opens the franchised business, Franchisee must pay to Franchisor the initial franchise fees. Payment of the initial franchise fees is fully earned and is nonrefundable.

Item 6, Other Fees

The Section containing liquidated damages is amended to state that liquidated damages will be calculated as two years worth of projected Royalty Fees.

Item 17, Additional Disclosures

RCW § 19.100.180 and court decisions may supersede the Franchise Agreement in your relationship with us, including in the areas of termination and renewal of your Franchise Agreement.

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect, and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Washington Franchise Investment Protection Act, such as a right to a jury trial, may not be enforceable in Washington.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer and are subject to state law.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

Except as noted above, execution of a general release for any other purpose is subject to state law.

Franchisee may terminate the Franchise Agreement under any grounds permitted by law.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

EXHIBIT A TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

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Chapter 3: Understanding Franchising (10 Pages)
Chapter 4: Pre-Opening Procedures (31 Pages)
Chapter 5: Human Resources (47 Pages)
Chapter 6: General Operating Procedures (21 Pages)
Chapter 7: FOH Operating Procedures (9 Pages)
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Chapter 9: Dog Training (6 pages)
Chapter 10: Finance and Accounting (9 Pages)
Chapter 11: Sales Procedures (6 Pages)
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Chapter 13: Additional Resources (2 Pages)

EXHIBIT B TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California
Commissioner of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana
Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Michigan
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
PO Box 30212
Lansing, Michigan 48909
(517) 335-7622

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

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

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 14th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 14th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360) 902-8760

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT C TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF AGENTS FOR SERVICE OF PROCESS

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

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Texas
Brian A. Claeys
2401 Luna Road
Carrolton, TX 75006

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Minnesota
Minnesota Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

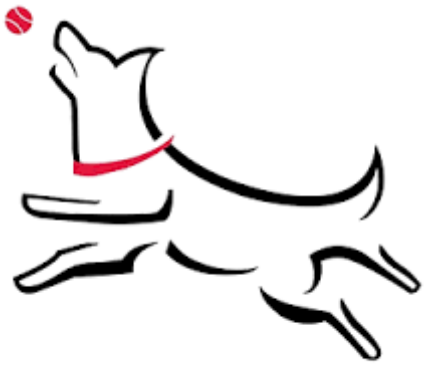
New York
Secretary of State
99 Washington Avenue
Albany, NY 12231

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 14th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Director of Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

EXHIBIT D TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT



ADU FRANCHISE LIMITED LIABILITY COMPANY

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE:	_____
EXPIRATION DATE:	10th anniversary of the Effective Date
PROJECTED OPENING DATE:	_____
FRANCHISEE:	_____
FRANCHISEE'S ADDRESS FOR NOTICES:	_____ _____
TELEPHONE NUMBER:	_____
FACSIMILE NUMBER:	_____
E-MAIL ADDRESS:	_____
SERVICE AREA:	See Attachment B-1.
ROYALTY FEE:	6% of Gross Sales
BRAND CONTRIBUTION FUND:	Up to 1% of Gross Sales
LOCAL MARKETING EXPENDITURE:	2% of Gross Sales
INITIAL FRANCHISE FEE:	$49,500
FRANCHISE GRANTED:	_____ Commercial Training Facility _____ Home-Based Facility
TRANSFER FEE:	$1,500 (Convenience of Ownership, refer to Section 12.2) 25% of our then-current initial franchise fee (Non-controlling Interest, refer to Section 12.3) 50% of our then-current initial franchise fee (Controlling Interest, refer to Section 12.4)
RENEWAL FEE	25% of our then-current initial franchise fee
FRANCHISOR ADDRESS FOR NOTICES:	**ADU FRANCHISE LIMITED LIABILITY COMPANY** 2401 Luna Road Carrollton, Texas 75006

_____ _____

Franchisor Initials Franchisee Initials

ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE AGREEMENT

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ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the Effective Date reflected in the Summary Pages (the "**Effective Date**") by and between ADU FRANCHISE LIMITED LIABILITY COMPANY, a Texas limited liability company, ("**Franchisor**"), and the franchisee identified in the Summary Pages (referred to in this Agreement as "**you**" or "**Franchisee**").

A. Franchisor has acquired the license to use and to sublicense the use of a business format and system ("**System**") for a business that provides dog obedience and behavioral modification training, grooming, and boarding services under the trade name and service mark "ALL DOGS UNLEASHED."

B. The distinguishing characteristics of the System include, without limitation, proprietary training methods, advertising and marketing specifications and requirements, and other Standards designated by Franchisor for developing, operating and managing an ALL DOGS UNLEASHED Facility, all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trademarks, service marks, logos, slogans, trade dress, and other indicia of origin, including, without limitation, the service mark "ALL DOGS UNLEASHED," and such other trademarks, service marks, logos, slogans, and trade dress that may hereafter be designated by Franchisor in writing for use in connection with the System (the "**Marks**").

D. You have applied for the right to operate a business using the System and Marks ("**Franchised Business**") and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
GRANT AND SERVICE AREA

1.1. Grant. Subject to the provisions of this Agreement, Franchisor hereby grants you the right ("**Franchise**") to establish and continuously operate a Facility at the Approved Location identified (or to be identified) in Attachment B, to provide canine training, boarding, grooming, and other authorized services at the Facility and at third-party locations within the Service Area in accordance with our standards, and to use the System and Marks in connection with the advertising, promotion, and operation of the business licensed hereunder. You may not sublicense any rights granted by this Agreement, nor delegate any obligations imposed under this Agreement.

1.2. Service Area Protection.

1.2.1. During the term of this Agreement, Franchisor shall neither provide nor grant anyone but you the right to provide dog training, grooming, and boarding services in your Service Area, except as provided in this Section 1.2.

1.2.2. Notwithstanding the foregoing, Franchisor and its Affiliates also may own, operate, and/or franchise, within and outside the Service Area, any business that provides similar or competitive services under a different trademark, whether or not the business uses any portion of the ALL DOGS UNLEASHED System.

1.2.3. Franchisor and its Affiliates expressly reserve for themselves all rights not granted to you under this Agreement. These include the right to manufacture, distribute, and market pet-related products throughout the world. This may include selling books, distributing or streaming videos, instructional materials, pet products, dog toys, foods and treats, leashes, collars, apparel and other retail items through alternative channels of distribution, including specialty stores and via online sales.

1.2.4. This Agreement grants you no right, among others, to: (a) sublicense the use of the System or Marks, (b) cobrand with another concept, or to (c) distribute products through wholesale channels, such as supermarkets, convenience stores, or other retailers and through online sales.

ARTICLE 2
TERM

2.1. Term. The term of this Agreement begins on the Effective Date and expires at midnight on the Expiration Date.

2.2. Successor Terms. You may renew the franchise granted by this Agreement for two consecutive five-year terms if, at the end of each leading term, each of the following conditions has been satisfied: ***(a)*** you have notified Franchisor of your intent to renew the franchise no less than 180 days and no more than 12 months prior to expiration of the then-current term; ***(b)*** you are not in default of any material provision of this Agreement and you have complied with the material terms and conditions of this Agreement throughout the term; ***(c)*** you have satisfied all monetary obligations owed to Franchisor, its Affiliates and third party suppliers; ***(d)*** you have maintained and renovated the Facility so that it complies with Franchisor's then-current requirements; ***(e)*** you have the right to remain in possession of the Facility premises, or you have secured an alternate site with Franchisor's prior approval; ***(f)*** you comply with the then-current qualifications and training requirements; ***(g)*** you sign Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement (which will be modified to eliminate any initial franchise fee payment requirement, and to reflect that all renewal options will be governed by this Agreement), ***(h)*** each Owner executes a personal guaranty and undertaking in the form Franchisor prescribes; ***(i)*** you and each Owner sign a general and full release in favor of Franchisor and its Affiliates, and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or related to the franchise relationship including the offer and sale of ALL DOGS UNLEASHED franchise opportunity; and ***(j)*** you have paid the renewal fee in the amount stated in the Summary Page.

2.3. Operation after Expiration of Term. If this Agreement expires and you continue to operate the Franchised Business after expiration, Franchisor may, at its option declare you to be holding over. In such event, the terms of this Agreement will govern the parties' relationship, provided that ***(a)*** either party may terminate the relationship at any time, for any reason or for no reason, by delivering to the other party written notice of termination; and ***(b)*** the Royalty Fees due and payable during such holdover period shall be 150% of the Royalty Fees due and payable under this Agreement. The inclusion of this Section 2.3. does not constitute permission for you to continue operations after the natural expiration of this Agreement.

ARTICLE 3
APPROVED LOCATION

3.1. Site Selection. If you are granted the right to operate a Commercial Training Facility, you must identify a site for the Facility that meets Franchisor's then-current site selection criteria and is otherwise acceptable to you and to Franchisor. For each proposed site that you identify, you must deliver to Franchisor a completed franchise site application in a form Franchisor prescribes, including such information about the site as Franchisor may reasonably request to perform its evaluation. Franchisor will approve or refuse to approve a proposed site within 30 days after the receipt of these documents and any additional information as Franchisor may reasonably require. Franchisor's failure to provide notification within this time period shall not be considered either approval or disapproval. **The parties acknowledge and agree that Franchisor's site approval is not an assurance that the Franchised Business will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria.**

3.2. Lease. If you will occupy the Franchised Location under a lease, Franchisor shall have the right to

approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Franchisor. **The parties acknowledge and agree that Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable, it means only that the lease contains the lease terms that Franchisor requires.** The lease must also contain the terms reflected in Attachment F, including Franchisor's option to assume the lease in the event of expiration or termination of this Agreement. The provisions of this Section 3.2 shall apply to any and all amendments to such lease and any and all subsequent leases and lease renewal agreements. You shall provide to Franchisor a fully executed copy of all leases and amendments, if any, within 10 days after its execution.

3.3. Design and Build Out. You shall build out and furnish the Facility according to Franchisor's standards and specifications, and according to Franchisor's requirements for furnishings, equipment, and signage. You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Facility, and for complying with applicable requirements of the Americans with Disabilities Act.

3.4. Opening. You must begin operating the Franchised Business no later than the "**Projected Opening Date**" reflected in the Summary Pages. You may begin operating the Facility only with prior written permission of Franchisor, which will be granted only if ***(a)*** all amounts due Franchisor under this Agreement have been paid, ***(b)*** the Facility has been constructed and equipped according to Franchisor's standards and specifications, ***(c)*** all of your pre-opening and training obligations have been satisfied, ***(d)*** Franchisor has received from you a signed ACH Authorization (Attachment E); ***(e)*** if you are leasing the Franchised Location, Franchisor has received from you a fully executed copy of your Commercial Training Facility lease containing the mandatory lease terms described in Attachment F; ***(f)*** Franchisor has received from you required insurance certificates; ***(g)*** your Operating Principal, General Manager (if applicable), and Assistant Manager have successfully completed the initial training program; and ***(h)*** you are otherwise in good standing under this Agreement.

3.5. Relocation. You may relocate the Commercial Training Facility only with Franchisor's prior written consent. If Franchisor consents to relocation of the Commercial Training Facility, you shall pay to Franchisor a $3,000 relocation fee and reimburse Franchisor all out-of-pocket costs that it incurs in connection with such relocation. Franchisor will grant its consent if your lease expires or terminates through no fault of yours, or if the Commercial Training Facility premises is destroyed or materially damaged by fire, flood, or natural catastrophe ("**Innocent Loss or Casualty**") and you are not in default of this Agreement or any other agreement between you and Franchisor or its affiliates. Selection of the relocation site and Commercial Training Facility construction, renovation, and opening shall be governed by this Article 3; provide that if they relocation occurred as a result of the loss of an Innocent Loss or Casualty, the Commercial Training Facility must be open for business at the new location within six months of closing at the previous location and if the relocation occurred for any other reason, the Commercial Training Facility must be open for business at the new location within five days of closing at the previous location. If you are granted the right to operate a Home-Based Facility, Franchisor will grant its consent if the new location meets our standards and specifications for Home-Based Facilities and if the new location will be located in the Service Area. If Franchisor consents to relocation of the Home-Based Facility, you shall pay to Franchisor a $3,000 relocation fee and reimburse Franchisor all out-of-pocket costs that it incurs in connection with such relocation. You are solely responsible for all relocation costs and expenses. If Franchisor provides any assistance, you must reimburse Franchisor, upon demand, for all out-of-pocket costs that it incurs in connection with providing such assistance.

ARTICLE 4
FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages, which is deemed fully earned and nonrefundable upon payment.

4.2. Royalty Fee. During the term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount stated on the Summary Pages. If any taxes, fees, or assessments are imposed on your payment of the Royalty Fee (except taxes imposed on Franchisor's net taxable income), you must also pay the amount of those taxes, fees, or assessments within 15 days after receipt of Franchisor's written notice to you.

4.3. Other Fees and Payments. In addition to all other payments provided in this Agreement, you shall pay Franchisor and its Affiliates promptly when due: ***(a)*** all amounts advanced by Franchisor or which Franchisor has paid, or for which it has become obligated to pay on your behalf for any reason; ***(b)*** amounts due relating to your participation in marketing programs pursuant to Article 9 of this Agreement; and ***(c)*** all amounts due to Franchisor or its Affiliates relating to purchase of training materials, merchandise, or other products or services.

4.4. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due Franchisor under this Agreement on the grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. You may not set-off fees or any other amounts due Franchisor under this Agreement against any monetary claims you may have against Franchisor. Withholding payment of the Royalty Fee or any other amounts due Franchisor is a material breach of this Agreement.

4.5. Payment Terms. All payments required by this Agreement shall be paid within the time Franchisor specifies, provided that such day is a Business Day (the "**Due Date**"). If the Due Date is not a Business Day, payment is due on the next Business Day.

4.6. Payment Procedures. Within 10 days following the end of each calendar month during the Term, you shall submit to Franchisor a statement of your Gross Sales and such other information as Franchisor may periodically require along with payment of the Royalty Fee for the month.

4.7. Electronic Fund Transfer. You shall participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to use a pre-authorized bank draft system. You shall: ***(a)*** comply with Franchisor's procedures, as specified in the Manuals or otherwise in writing; ***(b)*** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.7.; ***(c)*** give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and ***(d)*** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for each payment thereof. Notwithstanding the provisions of this Article 4, Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.8. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Franchised Business operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of the then current fee, which is currently $100, and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds. These charges are in addition to any other rights or remedies Franchisor may have under this Agreement or applicable law. If you fail to submit your Gross Sales statement or any other information required by this Section 4.8, Franchisor has the right to impose a reasonable late fee (currently $100 per late payment) as compensation for the additional administrative expense.

4.9. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment.

Franchisor's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. Franchisor may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.10. Collection Costs and Expenses. You shall pay Franchisor on demand any and all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement, including attorneys' fees and collection costs.

ARTICLE 5
TRAINING AND ASSISTANCE

5.1. Initial Training. Before the Franchised Business begins operations, your Operating Principal, General Manager (if different than your Operating Principal), and Assistant Manager must attend and complete to Franchisor's satisfaction Franchisor's initial training program. The initial training program will take place at a location and time that Franchisor designates. Three attendees may attend Franchisor's initial training program without charge; provided, however, Franchisor reserves the right to charge $50.00 per attendee to cover the cost of training materials. At your request, Franchisor may permit additional individuals to attend the same training program, subject to space availability and payment of Franchisor's then-current tuition. You are responsible for all training-related costs and expenses including, without limitation, tuition and registration costs, and salary, travel, lodging, and dining expenses for each individual who attends training on your behalf. If the Operating Principal, General Manager (if different than your Operating Principal), or Assistant Manager fail to complete training to Franchisor's satisfaction, Franchisor may terminate the Franchise Agreement.

5.2. Pre-Opening Consultation. Franchisor shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice with regard to the development and operation of the Facility, building layout, furnishings, fixtures, and equipment, plans and specifications, trainer recruitment and training, purchasing, and such other matters as Franchisor deems appropriate.

5.3. Opening Assistance. Franchisor's representative will provide up to three days of additional on-site assistance during the 45-day period after the Franchised Business begins operations. At your request, Franchisor may, in its discretion, provide additional on-site opening assistance, subject to availability of personnel. In such event, Franchisor has the right to charge, and you agree to pay, Franchisor's current daily rate for providing such assistance, and you must reimburse Franchisor for all out of pocket costs it incurs in connection with providing such additional assistance, including travel, lodging, and dining expenses for the individual(s) providing such assistance.

5.4. Ongoing Consultation. Franchisor shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new services, programs, and product offerings, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in Franchisor's discretion, through on-site visits by Franchisor personnel, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.5. Ongoing Assistance. Upon your written request, Franchisor may, in its sole discretion, provide additional on-site training assistance and management consulting services. Should Franchisor agree to provide such additional assistance it has the right to charge (and you agree to pay) Franchisor's current daily rate for providing such assistance and you must reimburse Franchisor for all out of pocket costs it incurs in connection with providing such additional assistance, including travel, lodging and dining expenses for the individual(s) providing such assistance.

5.6. Additional Training. Franchisor may periodically require your Operating Principal, General Manager (if different than your Operating Principal), and Assistant Manager, or other personnel to attend additional training courses or programs. Franchisor may also make optional training courses or programs available to you or your employees at locations we select, to instruct on new training techniques,

procedures, or programs. Franchisor may charge a reasonable fee or tuition for this additional training and you are responsible for all training-related expenses, including travel, lodging, and dining expenses for these individuals and wages and salaries payable during training.

5.7. Performance by Delegate. Any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents, or employees.

ARTICLE 6
OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health and safety standards and ratings, to timely obtain or cause employees to obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business according to Franchisor's operating methods, standards, and specifications (which may include maintaining a threshold online rating from designated websites), and to maintain, at all times, a high moral and ethical standard in the operation of the Franchised Business.

(b) To notify Franchisor by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health or safety regulations, and notify Franchisor in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(c) Upon the occurrence of a Crisis Management Event, to immediately inform Franchisor in accordance with the Standards, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

6.2. Operating Principal, General Manager, and Assistant Manager.

6.2.1. The Franchised Business must be supervised by your Operating Principal, who shall be responsible for supervising the day-to-day operation of the Franchised Business. The Operating Principal shall have at least a 25% equity interest in the franchisee, shall have successfully completed Franchisor's initial training program, and shall attend and successfully complete all additional training that Franchisor requires, to Franchisor's satisfaction. Unless you designate and we approve a General Manager in accordance with Section 6.2.2. below, the Operating Principal shall devote his or her full-time efforts to Franchised Business operations, and shall not engage in any other business or activity. Franchisor shall have approved the Operating Principal as meeting its then-current qualifications for such position.

6.2.2. You may designate, with Franchisor's prior written consent, a General Manager to supervise Facility operations. The General Manager shall devote his or her full-time efforts to Facility operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. The Operating Principal shall remain ultimately responsible for the General Manager's performance. The General Manager must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. Franchisor shall have approved the General Manager as meeting its then-current qualifications for such position. Any proposed replacement General Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as General Manager.

6.2.3. You shall designate, with Franchisor's prior written consent, an Assistant Manager to assist in the supervision of the Franchised Business. The Assistant Manager must attend and successfully

complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. Franchisor shall have approved the Assistant Manager as meeting its then-current qualifications for such position. Any proposed replacement Assistant Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as Assistant Manager.

6.2.4. If the Operating Principal, General Manager, and/or Assistant Manager ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your Operating Principal, General Manager, or Assistant Manager, as applicable, within 30 days after the date the prior Operating Principal, General Manager, or Assistant Manager, as applicable, ceases to serve or no longer qualifies to serve. Any proposed replacement Operating Principal, General Manager, and Assistant Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as Operating Principal, General Manager, or Assistant Manager and, in no event, later than 60 days after the previous Operating Principal, General Manager, or Assistant Manager, as applicable, ceased to serve in such position.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your trainers and other personnel preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. You shall cause all trainers and other personnel, while providing services for the Franchised Business to present a neat and clean appearance and to conform to Franchisor's Standards for dress and appearance. You further acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees. You shall defend and indemnify Franchisor and its Indemnitees (as defined in Section 11.3 below) against any and all proceedings, claims, investigations, and causes of action instituted by your employees or by others that arise from your employment practices.

6.4. Authorized Services. You shall offer and provide all required services and products, and you may offer and provide only the services and products that Franchisor permits. Franchisor may add, modify, or discontinue service or product offerings, and you must comply with all current requirements.

6.5. Purchases from Designated Sources.

6.5.1. You shall purchase only from approved or designated all products and services necessary to construct and operate the Franchised Business, including, but not limited to, ***(a)*** fixtures, furniture, equipment, signs, items of decor, audio/visual system, ***(b)*** proprietary and non-proprietary products, ***(c)*** uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Marks), ***(d)*** advertising, point-of-purchase materials, and other printed promotional materials, ***(e)*** gift certificates and stored value cards, ***(f)*** stationery, business cards, contracts, and forms, ***(g)*** bags, packaging, and supplies bearing our Marks, ***(h)*** insurance coverage, ***(i)*** architectural services, and ***(j)*** accounting and bookkeeping services. You may purchase items and services for which Franchisor has not identified Approved Suppliers from any supplier, so long as the items and services meet Franchisor's specifications. These specifications may include brand requirements. Franchisor may from time to time modify the list of Approved Suppliers and brand requirements, and you shall comply with all modified supplier requirements and restrictions.

6.5.2. If you propose to purchase from an unapproved source and items or service for which Franchisor has identified Approved Supplier(s), you shall submit to Franchisor a written request for approval, or shall request the supplier to submit a written request on its own behalf. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to inspect the

supplier's facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and/or to an independent, certified laboratory designated by Franchisor for testing prior to granting approval. Franchisor has the right to charge a fee for such testing, in an amount designated by Franchisor but not to exceed $2,500. Franchisor will notify you within 90 days of your request as to whether you are authorized to purchase such products from that supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability.

6.5.3. You acknowledge and agree that Franchisor and its Affiliates may negotiate purchase arrangements with suppliers for your benefit and may derive revenue or obtain rebates, bulk pricing discounts or allowances from approved or designated suppliers on account of our purchases of products or services.

6.6. Training Facility Location. You shall maintain the Facility in a clean, orderly condition and in excellent repair and in accordance with Franchisor's standards. You shall, at your expense, make such additions, alterations, repairs, and replacements as may be required for that purpose. Upon Franchisor's request, you shall install and maintain at the Franchised Business interactive multi-media equipment, devices, and facilities Franchisor requires, including, without limitation, wireless internet and communications systems. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, signs, and other items as Franchisor may reasonably direct from time to time in accordance with Franchisor's standards and specifications. At Franchisor's request, you shall renovate or refurbish the premises and/or replace equipment, at your own expense, to conform to the Franchisor's then-current requirements.

6.7. Days and Hours of Operation; Course Offerings. You shall cause the Franchised Business to operate for such minimum hours and days as Franchisor may specify in the Manuals or in other written directives.

6.8. Quality Assurance Inspections. If you are granted the right to operate a Commercial Training Facility, Franchisor has the right, during regular business hours, to enter upon the Facility premises to inspect the Facility, and to monitor your operations from a remote location using video surveillance equipment, for quality assurance purposes. Franchisor may contact and communicate with, at any time, current or former trainers and staff employed by the Facility, for quality assurance purposes. Franchisor also has the right to conduct consumer surveys and to contact, at any time, your customers and former customers to determine their level of satisfaction with your services.

6.9. Pricing. Franchisor has the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for service and product offerings, to the extent permitted by applicable law. You shall comply with all requirements.

6.10. Intranet/Extranet System. Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of ALL DOGS UNLEASHED franchise network may communicate and through which Franchisor may disseminate updates to the Manuals and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may temporarily suspend your access to any chat room, bulletin board,

listserv, or similar feature the intranet includes until such time as you fully cure the breach.

6.11. Website and Contact Center. Franchisor may, but shall not be obligated to, establish and maintain from time to time Franchisor's Website to provide information about the System and service and product offerings, even though Franchisor's Website is accessible by persons in your Service Area. Franchisor has sole discretion and control over the design and content of Franchisor's Website. Franchisor also has the right to create, from time to time, one or more system telephone numbers or e-mail addresses. You agree to publish such telephone numbers and email addresses as required by Franchisor. Franchisor may impose a reasonable fee for such services, and you agree to pay such fee.

ARTICLE 7
MARKS AND COPYRIGHTS

7.1. Acknowledgments. You expressly acknowledge that Franchisor or its Affiliate owns all right, title, and interest in and to the Marks and the goodwill associated with the Marks, and that you have no ownership interest in the Marks. You agree not to use any other Marks or any marks, names or indicia of origin that are or may be confusingly similar to the Marks in your own corporate or business name except as authorized in this Agreement. You further acknowledge and agree that any and all goodwill associated with your operation of the Franchised Business inures directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks. You understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, infringes Franchisor's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.2. Use of the Marks. You shall use only the Marks designated by Franchisor, shall use them only in the manner that Franchisor authorizes and permits, and shall use them with the symbols "®", TM", or "SM", as appropriate. You shall use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Franchisor. You may not contest ownership or validity of the Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Marks, or Franchisor's right to use or to sublicense the use of the Marks. You shall execute all documents that Franchisor requests in order to protect the Marks or to maintain their validity and enforceability.

7.3. Restriction Against Use in Your Corporate Name. You may not use the Marks or any part thereof in your corporate name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf.

7.4. Restriction Against Use of the Marks and Copyrighted Works on the Internet and in Social Media. You may not use the Marks or any part or derivative thereof or any of Franchisor's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register as part of any user name on any gaming website or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER) or as part of any unauthorized email address. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) any of the Marks or Copyrighted Works or any collateral materials reflecting any Marks or Copyrighted Works.

7.5. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Marks or operation of the Franchised Business, including, but not limited to, such use on contracts, invoices, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Facility as Franchisor may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

7.6. Infringement. You shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works, or any challenge to Franchisor's or its Affiliate's ownership of, Franchisor's license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. You acknowledge that Franchisor or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. Franchisor or its Affiliate has the right, but not the obligation, to take action against third parties for infringement of the Marks or Copyrighted Works. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse you for your associated costs.

7.7. Changes to the Marks. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Marks for your use and to require your use of any such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with any such directive within 60 days following your receipt of Franchisor's written notice to you, and you are responsible for all related costs and expenses.

ARTICLE 8
SYSTEM, MANUALS, AND CONFIDENTIAL INFORMATION

8.1. Manuals. Franchisor will provide you on loan one copy of the Manuals. You shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times remain the sole property of Franchisor and shall be kept in a secure place. You shall ensure that your copy of the Manuals are kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling. If your copy of the Manuals is lost or destroyed, or if you fail to return the Manuals upon expiration or termination of this Agreement, you must pay us a $500 replacement fee per Manual.

8.2. System Modification. You acknowledge that the System, Franchisor's confidential Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures, products and services) from time to time by Franchisor. You agree to comply, at your expense, with all such modifications. Franchisor shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Franchisor, and shall complete their implementation within such time as Franchisor may reasonably specify.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business, and shall divulge Confidential Information only to your employees and only on a need to know basis. This obligation shall survive termination or expiration (without renewal) of this Agreement.

8.4. Improvements. If you, your employees, or Owners develop any new concept, process or improvement relative to the operation or promotion of an ALL DOGS UNLEASHED business (an "**Improvement**"), you agree to promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such Improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to Franchisor any rights you or your Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners

agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Franchisor as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 8.4 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

8.5. Ownership of Customer Information. You acknowledge and agree that all Customer Information belongs exclusively to Franchisor. You may use the Customer Information for the benefit of the Franchised Business and for no other purpose. Upon termination or expiration of this Agreement, you must return to Franchisor all materials containing or reflecting Customer Information. You may keep a copy of the materials solely for purposes of complying with applicable legal and tax requirements.

ARTICLE 9
ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor must approve all of your promotional and marketing materials before you use them. To obtain approval, you must submit to Franchisor samples of the proposed materials and notify Franchisor of the intended media at least 14 days before their intended use. Any proposed materials not disapproved by Franchisor within 10 days after receipt will be deemed not approved. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

9.2. Memberships and Promotional Programs. You agree to join and participate in all trade associations that Franchisor requires, and to participate in all marketing promotions (which may include reward programs and prize promotions) that Franchisor may develop from time to time, at your sole cost and expense.

9.3. Brand Development Fund. Franchisor may establish a Brand Development Fund ("**Fund**"). If the Fund is established, Franchisee will be required to contribute to the Fund an amount that Franchisor determines from time to time, not to exceed the amount stated on the Summary Page.

9.3.1. Franchisor has the right to use Fund monies, in its sole discretion, to pay for creative development services (including creation and modification of Facility design and trade dress, logos, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, conducting customer surveys, focus groups, and marketing and compliance-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing, and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Facility advertising and promotion in a particular area or market, or for the benefit of a particular Franchised Business or Franchised Businesses concerning franchise opening promotion or otherwise, conducting and administering in-Facility promotions; preparing and executing direct mail advertising, and developing, producing, and purchasing point-of-sale advertising, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating, and hosting our web site

(including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, gift certificates, stored value card and loyalty card programs, and customized promotions, and the cost of product associated with the redemption of free coupons, gift certificates, stored value cards, loyalty cards, and/or other customized promotions; developing and administering other customer loyalty programs; developing and administering online booking and reservation platforms; providing and procuring public relations services; conducting public relations activities; charitable donations; membership fees in international, national, regional, and/or local trade or other associations or organizations. Franchisor also may use Fund monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section.

9.3.2. The parties acknowledge that Franchisor owns all rights, and retains all copyrights, in all design and content developed using Fund monies, and that Franchisor will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Fund monies, and the allocations of Fund monies to production, placement, and other costs. Franchisor will own all copyright in any works created using Fund monies. Franchisee acknowledges and agrees that Franchisor is not obligated to expend Fund monies for placement of advertising in Franchisee's trading area, or to ensure that the Franchised Business benefits directly or pro rata from the expenditure of Fund monies. We will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but we may include in all advertising prepared using Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on our website devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for use during the next year. Franchisor has no fiduciary duty to Franchisee or to any other person with respect to the collection or expenditure of Fund monies. Upon Franchisee's reasonable request, Franchisor will provide Franchisee an annual statement of Fund contributions and expenditures.

9.3.3. Although the Brand Development Fund is intended to be perpetual, Franchisor may terminate the Fund at any time. The Fund will not be terminated, however, until all Fund monies have been spent as provided in this Section 9.3.3. or returned to the Fund contributors on the basis of their respective contributions. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for future expenditures.

9.4. Local Marketing Expenditure. Each year, you shall spend the Local Marketing Expenditure amount set forth in the Summary Pages for Facility marketing purposes that conform to Franchisor's standards. Within 15 days of each calendar quarter, you shall submit to Franchisor invoices and other documentation that reflects your compliance with this Section 9.4. Any amounts contributed to an Advertising Cooperative pursuant to Section 9.5, below, will be credited toward satisfaction of your Local Marketing Expenditure.

9.5. Advertising Cooperatives.

9.5.1. Franchisor may, from time to time, form local or regional advertising cooperatives ("**Advertising Cooperative**") to pay for the development, placement, and distribution of advertising for the benefit of Facilities located in the geographic region served by the Advertising Cooperative. Any Advertising Cooperative established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the foregoing purposes.

9.5.2. If Franchisor forms an Advertising Cooperative for the region in which the Facility is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 9.5.

9.5.3. Franchisor has the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: ***(a)*** operate by majority vote, with each ALL DOGS UNLEASHED (including Facilities owned by Franchisor or its Affiliates) entitled to one vote; ***(b)*** entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its operation of Facilities in the area served by the Advertising Cooperative); ***(c)*** permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions; and ***(d)*** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination.

9.5.4. You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

9.5.5. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 9.1. of this Agreement.

ARTICLE 10
COMPUTER SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. Computer System. You shall acquire and use only the computer systems and equipment that Franchisor prescribes for use by ALL DOGS UNLEASHED Franchised Businesses ("**Computer System**"), and adhere to Franchisor's requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections. As technology or software is developed in the future, Franchisor may, in its sole discretion, require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software as Franchisor prescribes. You shall acquire, install and maintain such anti-virus and anti-spyware software as Franchisor requires, and shall adopt and implement such Internet user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the Computer System.

10.2. Software. You shall: ***(a)*** acquire, install on your Computer System, and use any software programs, system documentation manuals, and other materials that Franchisor requires in connection with the operation of the Franchised Business; ***(b)*** input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; ***(c)*** purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide; and ***(d)*** make available to customers any software programs and other proprietary materials prescribed in the Manual. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees imposed there under. Franchisor reserves the right to charge a reasonable fee for maintenance and periodic upgrades to any required software.

10.3. Independent Access. Franchisor will have unrestricted, independent access to all information that entered into the local software and other online software applications, and all information and electronic files relating to the Franchised Business, whether stored on your hard drive or on-site or off-site servers. You shall install and activate on your computer all software required by Franchisor, and shall provide to Franchisor all user names and passwords necessary, to facilitate such access. You shall cause Franchisor to have access to your software, including your POS System, at all times.

10.4. Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Franchisor prescribes.

10.5. Submission of Financial Statements and Tax Returns. No later than April 15th of each calendar year, you shall provide to Franchisor ***(a)*** a copy of the previous year's annual profit and loss statements; ***(b)*** a copy of the previous year's sales tax returns; and ***(c)*** a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Reporting. You shall accurately report to Franchisor Gross Sales, Customer Information, and such other information as Franchisor may reasonably require, using the procedures and Franchisor prescribes periodically. Franchisee also shall provide to Franchisor such other reports, computer back-up and other information as Franchisor may reasonably request. Franchisor has the right to impose a late fee in submitting your Gross Sales statement or any other report required under this Section 10.6.

10.7. Audit of Franchisee Records. Franchisor or its designated agent shall have the right to audit, examine, and copy your books, records, bank accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Franchisor, you shall immediately pay the understated amount with interest as provided in Section 4.8. If an audit or inspection reveals your understatement of Gross Sales by 2% or more, in addition to amounts due on the understatement and interest, you shall promptly reimburse Franchisor all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys' and accountants' fees).

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Franchisor to publish in its franchise disclosure document information concerning your Gross Sales and any other information required to be reported to Franchisor concerning the Franchised Business.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

ARTICLE 11
INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1 Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement creates or should be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party shall have fiduciary obligations to the other, or be liable for the debts or obligations of the other. Neither party shall have the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, nor contract any debts or obligations on behalf of the other party, or their affiliates, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the Franchised Business in all dealings with the public, customers, potential customers, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, Franchisor and its Affiliates, and their respective officers, shareholders, directors, members, managers, agents, and employees, against any

demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

11.2.2. Such policy or policies shall: ***(a)*** be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; ***(b)*** name Franchisor and its Affiliates, and their respective officers, shareholders, directors, managers, members, agents, and employees as additional named insureds on a primary non-contributory basis, ***(c)*** the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor); and ***(d)*** comply with Franchisor's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified in the Manuals.

11.2.3. Franchisor may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

11.2.4. In connection with any and all insurance that you are required to maintain under Section 11.2, you and your insurers shall agree to waive their rights of subrogation against Franchisor, and you shall provide evidence of such waiver in accordance with Section 11.3.

11.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3 of this Agreement.

11.2.6. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, partners, members, managers, shareholders, officers, directors, agents, or employees by reason of your negligence.

11.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee shall have the right and authority (but not the obligation) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium upon demand, plus an administrative fee equal to 15% of the cost of such premiums.

11.2.9. You acknowledge that the Franchisor's minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with the Facility. Nothing in this Agreement prevents or restricts you from acquiring or maintaining insurance with higher policy limits or lower deductibles than Franchisor requires.

11.3. Indemnification. You shall defend, indemnify and hold harmless to the fullest extent by law, Franchisor and its Affiliates and their respective officers, shareholders, directors, members, managers, agents, and employees (collectively the "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in

connection with your operation of the Franchised Business (collectively an "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3, the term "**losses and expenses**" shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any Event of which you are aware, for which indemnification is required. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Indemnities or the System.

ARTICLE 12
TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you agree that Franchisor and/or its Affiliates may sell their assets, the Marks (or any variation thereof) or Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other companies, or be acquired by another company; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of ADU FRANCHISE LIMITED LIABILITY COMPANY as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if ***(a)*** the Business Entity is formed solely for purposes of operating the Franchised Business, and ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed, and you pay Franchisor a Transfer Fee in an amount set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties as part of a private sale, if: ***(a)*** you have provided to Franchisor advance notice of the transfer, ***(b)*** Attachment C has been amended to reflect the new ownership; ***(c)*** each new Owner has signed a Personal Guaranty and Undertaking in the form of Attachment D-1; ***(d)*** the transferee possesses a good moral character, business reputation and credit rating, and otherwise meets Franchisor's qualifications for new franchisee owners; and ***(e)*** you have paid to Franchisor a Transfer Fee in the amount set forth in the Summary Pages.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Franchised Business, and the sale of a Controlling Interest in you if the franchisee is a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. You shall have requested consent in writing and delivered to Franchisor a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised;

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third-party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

12.4.4. If you are granted the right to operate a Commercial Training Facility, you or the transferee shall have agreed to refurbish the Commercial Training Facility premises so that it meets Franchisor's image requirements for a new ALL DOGS UNLEASHED Facility. If you are granted the right to operate a Home-Based Facility, the transferee must propose a location for the Home-Based Facility that is located within the Service Area and meets our standards and specifications for Home-Based Facilities;

12.4.5. You and each Owner shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, manages, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You or the transferee shall have paid the applicable Transfer Fee in the amount set forth in the Summary Pages and reimburse Franchisor for all reasonable costs and expenses it incurred (including its attorneys' fees) in facilitating the transfer;

12.4.7. The transferee shall have executed Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different minimum or percentage royalty fee and other different financial obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer.

12.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Personal Guaranty and Undertaking;

12.4.9. The transferee shall have complied with Franchisor's then-current initial training requirements; and

12.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

12.5. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4. and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: ***(a)*** the closing date specified in the third-party offer; or ***(b)*** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 12.8. shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9 Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or permanent incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as a life time transfer, except that the transfer fee will be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 13.5. To prevent any interruption of business of the Franchised Business and any injury to the goodwill and reputation thereof which may be caused thereby Franchisor shall have the right, but not the

obligation, to operate the Franchised Business until the interest is transferred to another party approved by Franchisor. If Franchisor undertakes to operate the Franchised Business, Franchisor shall have the right to collect and pay from the revenues of the Franchised Business all expenses relating to the operation of the Franchised Business including, without limitation, Royalty Fees, employee salaries, reimbursement of Franchisor's expenses incurred in connection with such operation (including payments associated with establishing a temporary facility location if you operate a Home-Based Facility), and a reasonable management fee. You shall indemnify and hold Franchisor harmless from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives in exercising its rights under this Section 12.9.

12.10. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

ARTICLE 13
DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you under this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure, if: ***(a)*** your Operating Principal, General Manager, or Assistant Manager fails to successfully complete the initial training program; ***(b)*** you fail to acquire a site within the required time period ***(c)*** you fail to begin operations by the Projected Opening Date; ***(d)*** you abandon the Franchised Business (which will be presumed if you cease operations for five consecutive business days); ***(e)*** you lose any license required to operate the Franchised Business or you lose your right to occupy the Facility premises and fail to relocate the Facility in accordance with Section 3.5.; ***(f)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(g)*** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; ***(h)*** you or any Owner fails to comply with the confidentiality obligations in Section 8.3 or any of the covenants in Article 15; or ***(i)*** you or any Owner has made any material misrepresentations in connection with your franchise application; ***(j)*** if we determine that you have engaged in cruelty or neglect of animals, or if an imminent threat or danger to public health or human or animal safety results from the operation of the Franchised Business; ***(k)*** if you misrepresent the amount of Gross Sales reported to Franchisor or you knowingly maintain false books or records; ***(l)*** you misuse the Marks or Copyrighted Works; ***(m)*** you offer unauthorized products or services; ***(n)*** you purchase items from unapproved sources; ***(o)*** you fail to pass two or more quality assurance inspections in any rolling 12-month period; or ***(p)*** Franchisor delivers to you two or more written notices of default pursuant to this Article 13 within any rolling 12-month period, whether or not

the defaults described in such notices ultimately are cured.

13.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: ***(a)*** failure to obtain or maintain required insurance coverage; ***(b)*** failure to pay any amounts due to Franchisor of its Affiliates; ***(c)*** you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); ***(d)*** you fail to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; or ***(e)*** failure to comply with any of the Standards.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 12.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

13.7. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Franchisor may require the Facility be closed during any cure period relating to a default based on public health and safety concerns.

13.8. Right to Close; Step-In Rights. In the event of your default, including if Franchisor determines that your operation of the Franchised Business resulted in cruelty or neglect of animals, or poses or is likely to pose an imminent threat or danger to public health or safety, or the health or safety of any animal, Franchisor has shall have the right, but not the obligation, either (a) to order the closure of the Franchised Business, and to transfer any existing animals to another location, and/or (b), if you operate a Commercial Training Facility, to enter onto the Facility premises and operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. If Franchisor undertakes to operate the Franchised Business, Franchisor shall have the right to collect and pay from the revenues of the Franchised Business all expenses relating to the operation of the Franchised Business including, without limitation, Royalty Fees, employee salaries, independent contractor compensation, reimbursement of Franchisor's expenses incurred in connection with such operation, and a reasonable management fee. You shall indemnify and hold Franchisor harmless from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives in exercising its rights under this Section 13.8.

13.9 Payment of Liquidated Damages. If Franchisor terminates this Agreement for cause, or if you constructively terminate this Agreement by ceasing operations or affirmatively terminate this Agreement without justification, you shall pay to Franchisor, as liquidated damages and not as a penalty, damages in an amount equal to the average monthly Royalty Fee for the 12-month period immediately preceding termination, multiplied by the number of months remaining in the current Term or four years, whichever is less, discounted to present value.

ARTICLE 14
POST TERMINATION OBLIGATIONS

14.1. Cease Use of Marks and Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, and Internet Listings. Upon termination or expiration of this

Agreement, you shall immediately cease all use of the Marks, Copyrighted Works and Confidential Information. You shall cancel any assumed name registration containing the Marks and, at Franchisor's request, shall assign to Franchisor all rights to all telephone numbers, e-mail addresses, URLs, domain names, Internet listings (including, but not limited to, listings for online reviews, such as Google Business and Yelp), and Internet accounts related to the Franchised Business.

14.2. Assignment of Lease; De-Identification. Franchisor shall have the option to assume your lease for the Commercial Training Facility premises, such option to be exercised at any time before or within 30 days after expiration or termination of this Agreement. If Franchisor exercises this option, you shall assign to Franchisor or its designee your interest in the lease. If Franchisor or its designee assumes your lease, title to all leasehold improvements will convey to the assignee upon such assignment, without any further consideration. If Franchisor does not exercise its option, you shall modify the Facility premises as may be necessary to distinguish the appearance of the Facility from that of other ALL DOGS UNLEASHED Facilities, and shall make such specific additional changes to the Franchised Location as Franchisor may reasonably request for that purpose. Such de-identification must be completed within 60 days after expiration or termination of this Agreement.

14.3. Return of Manuals, Workbooks, and Other Materials Reflecting Customer Information and Containing Confidential Information. You shall immediately deliver to Franchisor, without any right to compensation therefor, the Manuals and all other manuals, records, correspondence, files, Customer Information, and all materials containing Confidential Information that are in your possession and all copies thereof (all of which are acknowledged to be the property of Franchisor).

14.4. Franchisor's Right to Purchase Fixtures, and Tangible Assets. Franchisor shall have the option to purchase your interest (if any) in any or all of the Facility's furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of Franchisor's choosing, and may set off against the purchase price any amounts that you owe to Franchisor. Franchisor shall exercise its option by written notice to you delivered before or within 30 days after the date of expiration or termination of this Agreement.

ARTICLE 15
COVENANTS

15.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable, specialized training including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, neither you nor any Owner may directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, provide dog training, grooming, or boarding services to any customer or former customer of the Franchised Business, or do anything to harm the goodwill associated with the Marks and the System,

15.1.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

15.1.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used,

sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: ***(a)*** expiration or termination of this Agreement (regardless of the cause for termination), or ***(b)*** a transfer permitted under Article 12 of this Agreement, and continuing for an uninterrupted period of two years thereafter, neither you nor any Owner may directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

15.2.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, provide dog training, grooming, or boarding services to any customer or former customer of the Franchised Business, or do anything to harm the goodwill associated with the Marks and the System,

15.2.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

15.2.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business that is, or is intended to be, located ***(i)*** in the Service Area or within 25-miles of the perimeter of the Service Area; or ***(ii)*** within the Service Area of any other ALL DOGS UNLEASHED business in existence or under development at the time of such expiration, termination or transfer.

If any Owner ceases to be an Owner of the Franchisee for any reason during the franchise term, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 15.2 shall be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1 and 15.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends Franchisor's training program shall be required to sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to this Agreement. You are responsible for ensuring compliance with each such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ARTICLE 16
REPRESENTATIONS

16.1. Representations of Franchisor. Franchisor represents and warrants that ***(a)*** Franchisor is duly organized and validly existing under the law of the state of its formation; ***(b)*** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and ***(c)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power or written partnership or limited liability company agreement, as applicable, and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You must notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that ***(a)*** you are duly organized and validly existing under the law of the state of your formation; ***(b)*** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; and ***(c)*** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to ALL DOGS UNLEASHED business; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power or, if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of the ALL DOGS UNLEASHED franchise opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

16.2.3. Except for representations contained in Franchisor's franchise disclosure document provided to you in conjunction with this franchise offering, you represent that neither Franchisor nor its agents or representations have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential Gross Sales, expenses or profit of an ALL DOGS UNLEASHED Franchised Business.

16.2.4. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, members, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

ARTICLE 17
NOTICES

17.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system. Service shall be deemed conclusively made ***(a)*** at the time of service, if personally served; ***(b)*** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; ***(c)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; ***(d)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and ***(e)*** at the time of transmission by facsimile, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the. addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

ARTICLE 18
CONSTRUCTION

18.1. Entire Agreement. This Agreement and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation that Franchisor made in the franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms shall have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each Owner shall execute the Personal Guaranty and Undertaking attached as Attachment D-1. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be jointly and severally liable for each person's obligations hereunder and under the Personal Guaranty and Undertaking.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

18.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

ARTICLE 19
APPLICABLE LAW; DISPUTE RESOLUTION

19.1 Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas, without giving effect to any conflict of laws.

19.2. Mediation.

19.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve through private negotiation (a "Dispute"). To facilitate resolution of the Dispute, Franchisor, you, and each Owner agree to submit the Dispute to mediation pursuant to the terms of this Section 19.2.

19.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time the mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.2.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 19.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2, the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, your misuse or infringement of the Marks or Copyrighted Works, or your misuse of Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.3. Arbitration.

19.3.1. Any dispute, controversy, or claim between the parties or their respective Affiliates or Owners including, without limitation, claims arising out of or relating to this Agreement and the relationships created hereby that are not solved during the mediation process described in Section 19.2 must be resolved by arbitration. The arbitration must be administered in accordance with the Commercial

Rules of the AAA. The Arbitrator must be a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) ("FAA"). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction, and the arbitrator must state in writing the reasoning upon which the award is based. The costs and expenses of arbitration paid to the AAA or to the arbitrator will be paid equally by the parties. All other arbitration-related expenses, including but not limited to attorneys' fees and travel expenses, will be paid by the party which incurred such expense.

19.3.2. Arbitration will be conducted in the city in which Franchisor maintains its principal business office at the time of the arbitration. Arbitration will be conducted on an individual, not a class-wide basis, and an arbitration proceeding between the parties and their respective Owners, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between Franchisor and any other person. The arbitrator has no power or authority to award punitive damages.

19.3.3. Any disputes concerning the enforceability or scope of this arbitration provision must be resolved pursuant to the FAA, and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision.

19.3.4. If you institute any claim subject to this arbitration proceeding in any court, and Franchisor succeeds in a motion to compel arbitration of the claim, you must reimburse Franchisor its reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

19.3.5. You shall not assert any claim or cause of action against us, our officers, directors, shareholders, employees, or affiliates after two years following the event giving rise to such claim or cause of action.

19.3.6. Notwithstanding the foregoing provisions of this Section 19.3, the parties' agreement to arbitrate will not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Marks, or Franchisor's Confidential Information. Franchisor has the right to apply to any court of competent jurisdiction for injunctive relief to prevent continued or threatened harm while arbitration is pending. You and your Owners irrevocably consent to personal jurisdiction in the state and federal courts located in the county in which Franchisor maintains its principal place of business for this purpose.

19.4. Venue. Without limiting the generality of the arbitration provision, the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, Franchisor shall have the right to seek injunctive relief from any court of competent jurisdiction.

19.5. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.6. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.7. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST

EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.8. Contractual Limitations Period. No legal action or proceeding may be brought against Franchisor or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is instituted within one year and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

19.9. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

FRANCHISOR: **ADU FRANCHISE LIMITED LIABILITY COMPANY** a Texas limited liability company	**FRANCHISEE:** _____ _____
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

California Amendment to Franchise Agreement

For purposes of complying with the requirements of California law, including the California Franchise Investment Law, ADU Franchise limited liability company ("**Franchisor**") and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

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

2. Section 15.2 of the Franchise Agreement is deleted from the Franchise Agreement and will have no effect in the state of California.

3. Section 16.2.3 of the Franchise Agreement is deleted from the Franchise Agreement and will have no effect in the state of California.

4. Section 13.1 of the Franchise Agreement is deleted from the Franchise Agreement and will have no effect in the state of California.

5. Section 13.9 of the Franchise Agreement is deleted from the Franchise Agreement and will have no effect in the state of California.

6. Section 19.1 of the Franchise Agreement is deleted from the Franchise Agreement and will have no effect in the state of California.

7. The following is added to Section 4.1 of the Franchise Agreement:

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

8. California Corporations Code section 31512.1 prohibits a franchisor from disclaiming or denying representations made by the franchisor or its agents to a prospective franchisee or a franchisee's reliance on these representations, or disclaiming violations under the law, in any franchise disclosure document, franchise agreement or a related document. Accordingly, the Agreement is amended to delete Sections 16.2.2 to 16.2.5; the intent being that these sections will have no force or effect with effect to franchises subject to the California Corporations Code section 31512.1.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR:
ADU Franchise limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

Illinois Amendment to Franchise Agreement

For purposes of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, Ill. Rev. Stat. ch. 815 para. 705/1 – 705/44 (1994), ADU Franchise limited liability company ("**Franchisor**") and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. The following sentence is added to the end of Section 19.1. (Choice of Law):

   To the extent that this provision conflicts with Illinois law, Illinois law will control.

2. The following sentence is added to the end of Section 19.8. (Contractual Limitations Period):

   Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation, 1 year after the franchisee becomes aware of the underlying facts or circumstances, or 90 days after delivery to the franchisee of a written notice disclosing the violation.

3. The following sentence is added to the end of the Franchise Agreement:

   Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

4. The following sentence is added to the end of Article 2 (Term) and Article 12 (Transfer of Interest):

   Section 705/19 and 705/20 of the Illinois Franchise Act provide rights to franchisees concerning nonrenewal and termination of a franchise. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 applicable to the provisions are met independent of this Amendment.

6. Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status.

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

8 Sections 16.2.2 to 16.2.5 are deleted.

9. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **ADU Franchise limited liability company**	**FRANCHISEE:** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

Maryland Amendment to Franchise Agreement

For purposes of complying with the requirements of Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., Bus. Reg. §§ 14-201 – 14-233 (2004 Repl. Vol.) (the "Maryland Franchise Registration and Disclosure Law"), ADU Franchise limited liability company ("**Franchisor**") and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. Any provision requiring Franchisee to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any provision requiring Franchisor to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. 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.

5. Notwithstanding anything to the contrary contained in the Franchise Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

6. Section 4.1 of the Franchise Agreement is amended to state:

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

7. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Maryland law applicable to the provisions are met independent of this Amendment.

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

9. Sections 16.2.2 to 16.2.5 are deleted.

10. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **ADU Franchise limited liability company**	**FRANCHISEE:** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

Minnesota Amendment to Franchise Agreement

This AMENDMENT TO FRANCHISE AGREEMENT FOR RESIDENTS OF MINNESOTA amends that certain franchise agreement between ADU Franchise limited liability company, a Texas limited liability company ("Franchisor") and _____ ("Franchisee").

WHEREAS, Franchisor and Franchisee have contemporaneously herewith entered into a Franchise Agreement (the "Agreement") and the parties wish to amend the Agreement.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Notwithstanding anything to the contrary in the Agreement, in the event of a conflict between the provisions of the Agreement and the provisions of this Addendum, the provisions of this Addendum shall control. The parties agree that the Agreement remains fully effective in all respects except as specifically modified herein, and all the respective rights and obligations of Franchisee and Franchisor remain as written unless modified herein.

2. Franchisor will undertake the defense of any claim of infringement by third parties involving the mark ALL DOGS UNLEASHED®, and Franchisee will cooperate with the defense in any reasonable manner required by Franchisor with any direct cost of such cooperation to be borne by Franchisor.

3. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Franchise Agreement, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement.

4. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. No Section providing for a general release as a condition of renewal or transfer will act as a release or waiver of any liability incurred under the Minnesota Franchise Act; provided, that this part shall not bar the voluntary settlement of disputes.

6. The charge for Non-Sufficient Funds (NSF) will not exceed $30.

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

8. Sections 16.2.2 to 16.2.5 are deleted.

9. Each provision of this Amendment is effective only to the extent, with respect to such provision, that the jurisdictional requirements of Minnesota Statutes Sections 80C.01 to 80C.22 are met independently without reference to this addendum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR:	**FRANCHISEE:**
ADU FRANCHISE LIMITED LIABILITY COMPANY	_____
a Texas limited liability company	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

New York Amendment to Franchise Agreement

For purposes of complying with the requirements of New York Law, including the New York General Business Law, Article 33, §§ 680 – 695 (1989), ADU Franchise limited liability company ("**Franchisor**") and ________ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. To the extent that the Franchise Agreement requires Franchisee to sign a release or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate General Business Law, Article 33, §§ 680 – 695 (1989) or a rule or order promulgated thereunder, such release or acknowledgment of fact shall be void with respect to claims arising under said law or regulation. It is the intent of this provision that non-waiver provisions of the Sections 687.4 and 687.5 of General Business Law, Article 33, §§ 680 – 695 (1989).

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of New York Law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, §§ 680 – 695 (1989) applicable to the provisions are met independent of this Amendment.

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

6. Sections 16.2.2 to 16.2.5 are deleted.

7. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **ADU Franchise limited liability company**	**FRANCHISEE:** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

North Dakota Amendment to Franchise Agreement

In recognition of the requirements of the North Dakota law, including the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, and the policies of the office of the State of North Dakota Securities Commission, ADU Franchise limited liability company ("**Franchisor**") and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. The following provision is added to the end of the Franchise Agreement as new Article 20:

The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota area representatives:

A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Mediation and Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business (subject, however, to the possible application of the Federal Arbitration Act, 9 US Code §§1–14). To the extent that the Agreement requires litigation arbitration, or mediation to be conducted in a jurisdiction other than North Dakota, such provision is amended to provide that mediation and arbitration shall take place in a location mutually agreed upon by the parties. If the parties cannot agree upon a location, the location shall be Fargo, North Dakota, or, if the Franchisor elects, shall be conducted remotely.

C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation on Claims: Any provision requiring claims to be brought within one year. The statute of limitations under North Dakota law will apply.

2. Section 4.1 of the Franchise Agreement is amended to state:

Pursuant to an order of the North Dakota Securities Commission, Franchisor will defer collection of the Franchise Fee until it has completed its pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. The North Dakota Securities

Commission imposed this deferral requirement due to Franchisor's financial condition.

3. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17 applicable to the provisions are met independently without reference to this Amendment.

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

5. Sections 16.2.2 to 16.2.5 are deleted.

6. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **ADU Franchise limited liability company**	**FRANCHISEE:** _____
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

South Dakota Amendment to Franchise Agreement

For purposes of complying with the requirements of South Dakota law, including the South Dakota Franchises for brand-name goods and services law, SDCL 37-5A and rules and regulations promulgated thereunder, ADU Franchise limited liability company ("**Franchisor**") and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of South Dakota law applicable to the provisions are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

2. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Agreement, we reserve the right to challenge the enforceability of the state law.

3. The following is added to Section 4.1 of the Franchise Agreement.

Franchisor will defer collection of the initial franchise fee until Franchisee has opened the Facility for business. After Franchisee opens the Facility for business, Franchisee must pay to Franchisor the initial franchise fee. Payment of the initial franchisee fee is fully earned and is nonrefundable.

4. This Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchises for brand-name goods and services law, SDCL 37-5A et seq. applicable to the provisions are met independently without reference to this Amendment.

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

6. Sections 16.2.2 to 16.2.5 are deleted.

7. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR:	**FRANCHISEE:**
ADU Franchise limited liability company	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

Virginia Amendment to Franchise Agreement

For purposes of complying with the requirements of Virginia law, including the Virginia Retail Franchising Act, Virginia Code, Section 13.1-564, ADU Franchise limited liability company ("**Franchisor**") and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

4. Sections 16.2.2 to 16.2.5 are deleted.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR:	**FRANCHISEE:**
ADU Franchise limited liability company	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY

Washington Amendment to Franchise Agreement

For purposes of complying with the requirements of Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 – 19.100.940 (1991) (the "WFIPA"), ADU Franchise limited liability company ("**Franchisor**"), and _____ ("**Franchisee**"), hereby amend the Franchise Agreement between them dated _____ (the "**Franchise Agreement**") as follows:

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

2. Section 4.1 of the Franchise Agreement is amended to state:

Collection of Initial franchise fees shall be postponed until after all of the franchisor's initial obligations are complete and the franchisee is open for business.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. Section 12.1 of the Franchise Agreement is amended to remove the following:

You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

5. Section 12.7 of the Franchise Agreement is amended to include the following:

The securities offering fee is limited to Franchisor's reasonable costs and expenses in reviewing the Franchisee's security offering.

6. Section 13.9 of the Franchise Agreement is amended to state:

If Franchisor terminates this Agreement for cause, or if you constructively terminate this Agreement by ceasing operations or affirmatively terminate this Agreement without justification, you shall pay to Franchisor, as liquidated damages and not as a penalty, damages in an amount equal to the average monthly Royalty Fee for the 12-month period immediately preceding termination, multiplied by the number of months remaining in the current Term or two years, whichever is less, discounted to present value.

7. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

8. Section 16.2.3 of the Franchise Agreement is amended to remove the following:

". . . and you have not relied on representations made by Franchisor or its agents or representatives . . .."

9. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated

settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

10. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

11. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earning from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

12. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained n the Franchise Agreement or elsewhere are void and unenforceable in Washington.

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

14. Sections 16.2.2 to 16.2.5 are deleted.

15. All other provisions of the Franchise Agreement are hereby ratified and confirmed.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment, intending for it be effective on the "Effective Date" identified in the Franchise Agreement.

FRANCHISOR: **ADU Franchise limited liability company**	**FRANCHISEE:** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE AGREEMENT

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

"**Account**" means your commercial bank operating account.

"**Affiliate**" means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

"**Agreement**" means the Franchise Agreement.

"**Business Day**" means each day other than a weekend, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

"**Business Entity**" means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Competitive Business**" means any business providing dog training, grooming, or boarding services.

"**Confidential Information**" means all Customer Information; all information contained in the Manuals; Franchisor's proprietary training programs; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Franchisor designates as Confidential Information.

"**Controlling Interest**" means: **(a)** if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively **(i)** directly or indirectly own at least 51% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and **(ii)** are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or **(b)** if you are a partnership, that the Owners **(i)** own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and **(ii)** are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement. Any interest less than 51% of the corporation, limited liability company, or partnership is a "**Non-Controlling Interest**."

"Copyrighted Works" means works of authorship owned by Franchisor or its affiliate and fixed in a tangible medium of expression including, without limitation, the content and design of the Manual, the design elements of the Marks, the Facility design, training methods, training guides, training instruction, books and brain exercises, supplemental worksheets and other printed materials, the design and content of advertising and promotional materials, and the content and design of the website.

"**Crisis Management Event**" means any event that occurs at or about the Facility premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers, employees, or animals, such as contagious diseases, natural disasters, terrorist acts, acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other

natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

"**Manuals**" means the compilation of information and knowledge that is necessary and material to the System. The term Manuals, as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Franchisor from time to time may loan to you. The Manuals may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating an ALL DOGS UNLEASHED Facility.

"**Marks**" means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "ALL DOGS UNLEASHED" and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

"**Gross Sales**" means the total selling price of all services and products and all income of every other kind and nature related to your ALL DOGS UNLEASHED Franchised Business. Gross Sales does not include (i) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (ii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your ALL DOGS UNLEASHED Franchised Business; (iii) tips or gratuities paid directly by Facility customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities; or (iv) returns to shippers or manufacturers. Gross Sales also do not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to us), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made. You are responsible for the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Sales.

"**Owner**" means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

ATTACHMENT B-1

SERVICE AREA (attach map)

ATTACHMENT B-2

FACILITY LOCATION

Section 1.1. The Facility is located at: _____

IN WITNESS WHEREOF, the parties have executed this Attachment B-2 on _____.

FRANCHISOR:	**FRANCHISEE:**
ADU FRANCHISE LIMITED LIABILITY COMPANY a Texas limited liability company	_____ _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ATTACHMENT C

ENTITY INFORMATION

If the franchisee is a business entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____, 20___.

(1) Franchisee is a _____, formed under the laws of the State of _____.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

FRANCHISOR:

ADU FRANCHISE LIMITED LIABILITY COMPANY

a Texas limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

_____

By: _____

Name: _____

Title: _____

ATTACHMENT D-1

PERSONAL GUARANTY AND UNDERTAKING

1. I have read the Franchise Agreement between ADU FRANCHISE LIMITED LIABILITY COMPANY and _____ ("**Franchisee**") (the "**Franchise Agreement**"). Capitalized terms have the meanings ascribed to them in the Franchise Agreement.

2. I own a beneficial interest in the Franchisee, and would be considered an "**Owner**" within the definition contained in the Franchise Agreement.

3. I understand that, were it not for this Personal Guaranty and Undertaking (the **"Guaranty"**), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.

4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee's use of Franchisor's Marks and Copyrighted Works (as each term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks or Copyrighted Works and I have no ownership interest in the Marks or Copyrighted Works.

5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Franchisee's employees on a need to know basis, ***(b)*** to the Franchisee's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.

6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.

7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of the ALL DOGS UNLEASHED franchised business to any competitor, by direct or indirect inducement or otherwise, provide dog training, grooming, or boarding services to any customer or former customer of the Franchised Business, or do anything to harm the goodwill associated with the Marks and the System;

(b) Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or induce such person to leave his or her employment; or

(c) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that provides dog training, grooming, or boarding services other than a ALL DOGS UNLEASHED franchised business operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that is, or is intended to be, located ***(i)*** in the Service Area, or within 25 miles of the perimeter of the Service Area; or ***(ii)*** within the service area, or within 25 miles of the perimeter of the service area, of any other ALL DOGS UNLEASHED business in existence or under development at the

time I cease being an Owner (or termination or expiration of the Franchise Agreement, whichever occurs first). This restriction will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

11. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

12. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement, including liquidated damages due on account of the premature termination of the Franchise Agreement or early closure of the franchise.

12. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

13. I hereby waive ***(a)*** all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and ***(b)*** California Civil Code Sections 2899 and 3433.

14. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

15. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

16. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or five Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Personal Guaranty and Undertaking on the date set forth below:

GUARANTOR

Dated: _____

_____

Name: _____

Address: _____

_____

Fax: _____

ATTACHMENT D-2

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of Franchisee)

In accordance with the terms of this Confidentiality and Non-Competition Agreement ("**Confidentiality Agreement**") and in consideration of my being a _____ of _____ (the "**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ (the "**Franchisee**"), has acquired the right and franchise from ADU FRANCHISE LIMITED LIABILITY COMPANY. ("**Franchisor**") to establish and operate a dog training, grooming, and boarding business (the "**Franchised Business**") and the right to use in the operation of the Franchised Business Franchisor's trade names, trademarks, service marks, including the service mark ALL DOGS UNLEASHED (the "**Marks**") and the system developed by Franchisor and/or its affiliates for operation and management of Franchised Businesses (the "**System**"), as they may be changed, improved, and further developed from time to time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes information concerning customers of the Franchised Business, all information contained in the Manuals, Franchisor's standards and specifications for all services and products offered by the Franchised Business, and all other knowledge, trade secrets, and know-how concerning the methods of operation of the Franchised Business (the "**Confidential Information**").

3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.

4. As _____ of the Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor's operations manual (the "**Manuals**") and other general assistance during the term of this Confidentiality Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for a two (2) year period thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company:

(a) Divert or attempt to divert any present or prospective customer of the ALL DOGS UNLEASHED Franchised Business to any competitor, by direct or indirect inducement or otherwise,

provide dog training, boarding, or grooming services to any customer or former customer of the Franchised Business, or do anything to harm the goodwill associated with the Marks and the System, or

(b) Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business providing dog training, grooming, or boarding services within the Service Area, or within 25 miles of the perimeter of the Service Area, of any ALL DOGS UNLEASHED business, or the Franchisee's Service Area or within 25 miles of the perimeter of the Franchisee's Service Area, as that term is defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Texas. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in county in which Franchisor maintains its principal place of business. I hereby irrevocably consent to the personal jurisdiction of the state and federal courts located in the county in which Franchisor maintains its principal place of business as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]	**ACKNOWLEDGED BY FRANCHISEE**
Signature:_____	By:_____
Name:_____	Name:_____
Address:_____	Title:_____
Title:_____	
Date:_____	Date:_____

ATTACHMENT E

ACH AUTHORIZATION

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

(a) Franchisee Information

Franchisee Name or Legal Entity _____

ALL DOGS UNLEASHED Facility Number & Location

_____

Name and Email of Person to Receive ACH Debit Advice _____

I (we) hereby authorize ADU FRANCHISE LIMITED LIABILITY COMPANY ("Company") to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Name of Financial Institution:

ABA Routing Number:

	Checking	Savings
Account Number:	☐	☐

Authorized Signature (Primary): **Date**

Authorized Signature (Joint): **Date**

Account holder(s), please sign here: ***(Joint accounts require the signature of all persons having authority over the account)***

Please attach a voided check at right, fax and mail to:
ADU FRANCHISE LIMITED LIABILITY COMPANY, Attn: Manager
2401 Luna Road
Carrollton, Texas 75006

ATTACH CHECK HERE

ATTACHMENT F

LEASE ADDENDUM

THIS LEASE ADDENDUM (the "**Lease Addendum**") is made and entered into as of the ___ day of _____, 20___, by and between _____ ("**Landlord**"), with its principal offices at _____ and ("**Franchisee**" or "**Tenant**"), with its principal offices at _____, and ADU Franchise limited liability company ("**Franchisor**") with its principal offices at 2401 Luna Rd., Carrollton, Texas 75006.

BACKGROUND

A. ADU FRANCHISE LIMITED LIABILITY COMPANY or its affiliates, and their successors or assigns ("**Franchisor**") franchises the operation of a dog-training business ("**Facility**") under the name ALL DOGS UNLEASHED and/or other trademarks, service marks, logos, and other indicia of origin prescribed by Franchisor (collectively, the "**Marks**").

B. Franchisee has acquired the right and has undertaken the obligation to develop and operate a Facility pursuant to the terms and conditions of a certain franchise agreement between Franchisee and Franchisor ("**Franchise Agreement**").

C. Under the terms and conditions of the Franchise Agreement, Franchisor has the right to approve the site for the Facility; and if the Facility premises will be occupied pursuant to a commercial lease, Franchisor has prescribed certain lease terms and has the right to condition its approval of a proposed site on inclusion of the prescribed lease terms.

D. Franchisee desires, and has requested Franchisor's approval, to develop and operate one ALL DOGS UNLEASHED Facility at the premises ("**Premises**") identified in the attached lease ("**Lease**").

E. Landlord desires to lease to Franchisee the Premises for purposes of developing and operating one ALL DOGS UNLEASHED Facility.

F. The parties desire to modify and amend the Lease in accordance with the terms and conditions contained herein for purposes of obtaining Franchisor's approval.

(1) During the term of the Franchise Agreement, the Premises will be used only for the operation of the Facility.

(2) Landlord consents to Franchisee's use of such Marks and signs, interior and exterior décor, furnishings, fixtures, items, color schemes, plans, specifications, and related components of ALL DOGS UNLEASHED System (as defined in the Franchise Agreement and as Franchisor may prescribe for the Facility).

(3) Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Franchisee.

(4) Franchisor will have the right to enter onto the Premises at any time, to make any modification or alteration necessary to protect ALL DOGS UNLEASHED System and Marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort, and the Landlord will not be responsible for any expense or damages arising from Franchisor's action in connection therewith.

(5) In the event of Franchisee's default under the terms of the Lease, Landlord shall promptly deliver notice of such default to Franchisor and shall offer Franchisor the opportunity to cure the default and to assume the Lease in Franchisor's name. If Franchisor elects to cure the default and assume the

Lease, Franchisor, within 10 days of its receipt of notice from Landlord, shall notify Landlord of its intent to cure such default and to assume the Lease. If Franchisor elects to cure the default, it shall cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30 day period, then Franchisor will commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Franchisor elects to assume the Lease, Landlord agrees to recognize Franchisor as the tenant under the Lease and Franchisee will no longer have any rights there under.

(6) Franchisee will be permitted to assign the Lease to Franchisor or its affiliates upon the expiration (without renewal) or earlier termination of the Franchise Agreement and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord will look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Franchisee acknowledge that Franchisor is not a party to the Lease and will have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Franchisor.

(7) Except for Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease. In the event of such assignment, neither Franchisor nor any affiliate will be required to pay to Landlord any security deposit.

(8) Notwithstanding anything contained in this Lease, Franchisor is expressly authorized, without the consent of the Landlord, to assign the Lease, or to sublet all or a portion of Premises, to an authorized franchisee. If Franchisor elects to assign the Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease and, upon such assignment, Franchisor shall be released of all obligations to Landlord under the Lease as of the date of assignment. If Franchisor elects to sublet the premises, such subletting shall be subject to the terms of this Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall remain liable for the performance of the terms of this Lease. Franchisor shall notify Landlord as to the name of the subtenant/franchisee within 10 days after such assignment or subletting, as applicable.

(9) Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Neither Landlord nor Franchisee shall amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(11) All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate.

(12) This Lease Addendum shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

[the signature page follows]

The terms of this Lease Addendum will supersede any conflicting terms of the Lease

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

Landlord:

_____

By: _____
Name: _____
Title: _____

Franchisee:

_____

By: _____
Name: _____
Title: _____

ADU FRANCHISE LIMITED LIABILITY COMPANY
A Texas limited liability company

By: _____
Name: _____
Title: _____

ATTACHMENT G

TELEPHONE NUMBER ASSIGNMENT AGREEMENT

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made as of this _____ day of _____, 20 ___ ("**Assignment**") by and between _____ (hereinafter the "**Assignor**") and ADU Franchise limited liability company (hereinafter the "**Assignee**").

WITNESSETH:

WHEREAS, Assignee has acquired the license to use and to sublicense the use of a business format and system for the operation of an dog training business ("**System**") under the trade name and service mark ALL DOGS UNLEASHED (the "**Franchised Business**");

WHEREAS, Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, 20____, in accordance with the System ("**Franchise Agreement**");

WHEREAS, in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

WHEREAS, as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of the expiration or termination of the Franchise Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement expires or is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

(a) As of the effective date of the Assignment, all of the Assignor's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

(b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements (individually and

collectively referred to as "**Listings**"), and the Assignor has obtained all necessary consents to this Assignment.

(f) Notwithstanding the foregoing, Assignor hereby warrants and represents to Assignee that Assignor will within one (1) business day following Assignor's receipt of Assignee's request to acquire the Listings to immediately instruct each of Assignor's providers to initiate the process and provide the vendors' documents necessary to complete the assignment. Assignee further warrants and represents that Assignee will take no action to impede or prohibit the successful assignment of the Listings to Assignor, and that Assignor shall fully cooperate with Assignee with regard to the assignment; specifically in the execution of any documentation required by Assignor's provider(s) to effectuate the assignment of the telephone numbers and Listings.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the day and year first written above.

ASSIGNEE:

ADU Franchise limited liability company
a Texas limited liability company

By: _____
Name: _____
Title: _____

ASSIGNOR:

_____

By: _____
Name: _____
Title: _____

ATTACHMENT H

FRANCHISEE QUESTIONNAIRE

The following questionnaire is not applicable to franchisees subject to the laws of the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be resolved by arbitration in the city in which the Franchisor maintains its principal place of business?

Yes____ No ____ 2. A) Do you understand that the US Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes____ No ____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes____ No ____ C) Do you understand that we will not approve your purchase of ALL DOGS UNLEASHED franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes____ No ____ D) Is it true that you are not purchasing an ALL DOGS UNLEASHED franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

Yes____ No ____ 3. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating ALL DOGS UNLEASHED franchise that is not contained in the disclosure document or that is contrary to, or different from, the information contained in the disclosure document?

Yes____ No ____ 4. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue ALL DOGS UNLEASHED franchise will generate, that is not contained in the disclosure document or that is contrary to, or different from, the information contained in the disclosure document?

Please understand that we are relying on the truthfulness and completeness of your responses in connection with granting you a franchise.

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law

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

The Franchisee Questionnaire does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

(Signature Page to Follow)

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT E TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

ADU Franchise limited liability company

Financial Statements

As of December 31, 2022 and 2021
and for the year ended December 31, 2022 and the period from inception (July 6, 2021) through December 31, 2021

ADU Franchise limited liability company

Financial Statements

As of December 31, 2022 and 2021
and for the year ended December 31, 2022 and the period
from inception (July 6, 2021) through December 31, 2021

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A&G LLP
CERTIFIED PUBLIC ACCOUNTANTS

Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
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Independent Auditor's Report

To the Members
ADU Franchise limited liability company
Carrollton, Texas

Report on the Financial Statements

Opinion

We have audited the financial statements of ADU Franchise limited liability company (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' equity, and cash flows for the year ended December 31, 2022 and the period from inception (July 6, 2021) through December 31, 2021, and related notes to the financial statements.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and cash flows for the year ended December 31, 2022 and the period from inception (July 6, 2021) through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ADU Franchise limited liability company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ADU Franchise limited liability company's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ADU Franchise limited liability company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ADU Franchise limited liability company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

A+G LLP

Dallas, Texas
May 19, 2023

Balance Sheets

As of December 31,	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 295,591**	$ 5,000
Accounts receivable, net	**-**	93,134
Due from members	**56,000**	-
Total current assets	**351,591**	98,134
Total assets	**$ 351,591**	$ 98,134
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable and accrued expenses	**$ 3,010**	$ -
Due to affiliates	**102,572**	86,824
Deferred revenue	**13,344**	-
Total current liabilities	**118,926**	86,824
Long-term liabilities:		
Deferred revenue, net	**53,069**	-
Members' equity	**179,596**	11,310
Total liabilities and members' equity	**$ 351,591**	$ 98,134

Statements of Operations	**Year Ended December 31, 2022**	July 6, 2021 through December 31, 2021
Revenues:		
Franchise fee revenue	**$ 14,587**	$ -
Royalty revenue	**254,499**	13,000
Total revenues	**269,086**	13,000
General and administrative expenses:		
Advertising and marketing	**34,917**	-
Personnel cost	**42,477**	-
Professional fees	**28,302**	6,690
Other general and administrative expenses	**104**	-
Total general and administrative expenses	**105,800**	6,690
Net income	**$ 163,286**	$ 6,310

Statements of Changes in Members' Equity	**Year Ended December 31, 2022**	July 6, 2021 through December 31, 2021
Balance at beginning of year	**$ 11,310**	$ -
Net income	**163,286**	6,310
Contributions from members	**5,000**	5,000
Balance at end of year	**$ 179,596**	$ 11,310

Statements of Cash Flows	**Year Ended December 31, 2022**	July 6, 2021 through December 31, 2021
Operating Activities		
Net income	**$ 163,286**	**$ 6,310**
Changes in operating assets and liabilities:		
Accounts receivable	**93,134**	**(93,134)**
Accounts payable and accrued expenses	**3,010**	**-**
Deferred revenue	**66,413**	**-**
Net cash provided (Used) by operating activities	**325,843**	**(86,824)**
Investing Activities		
Net cash provided by investing activities	**-**	**-**
Financing Activities		
Net advances from affiliates	**15,748**	**86,824**
Net advances to members	**(56,000)**	**-**
Contributions from members	**5,000**	**5,000**
Net cash provided (used) by financing activities	**(35,252)**	**91,824**
Net increase in cash and cash equivalents	**290,591**	**5,000**
Cash and cash equivalents, beginning of period	**5,000**	**-**
Cash and cash equivalents, end of period	**$ 295,591**	**$ 5,000**

1. Organization and Operations

Description of Business

ADU Franchise limited liability company is a limited liability company formed under the laws of the State of Texas. References in these financial statement footnotes to "Company", "we", "us", and "our" refer to the business of ADU Franchise limited liability company. The Company was formed on July 6, 2021 ("Inception").

The Company was formed for the purpose of granting franchises for the establishment of businesses that specialize in providing dog training, daycare, boarding, and grooming (the "Franchised Business). The company operates under the "ALL DOGS UNLEASHED" trade name and its associated design (the "Marks").

The table below reflects the status and changes in franchised outlets for the year ended December 31, 2022 and the period from Inception through December 31, 2021.

Franchised Outlets

Year	Start of Year	Opened	Closed or Ceased Operations – Other reasons	End of Year
2021	11	0	0	11
2022	11	2	1	12

Affiliate-owned Outlets

Year	Start of Year	Opened	Closed or Ceased Operations – Other reasons	End of Year
2021	1	0	0	1
2022	1	2	0	3

Going Concern

Management has evaluated our ability to continue as a going concern as of December 31, 2022. Due to the positive cash flows from our operations and liquidity position of the Company as of December 31, 2022, we have concluded that there is not significant doubt about our ability to continue as a going concern.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. The full impact of the pandemic will continue to depend on future developments, including the continued spread and duration of the pandemic, the emergence of future variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic's magnitude and duration.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

2. Significant Accounting Policies (continued)

Use of Estimates
The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition and allowance for doubtful accounts. Actual results could differ from those estimates.

Comparative Financial Statements
Certain prior period amounts have been reclassified to conform to current year presentation.

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Fair Value Measurements
Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, trade receivable, accounts payable and accrued expenses and deferred revenue. The carrying values of cash and cash equivalents, trade receivable, accounts payable and accrued expenses and deferred revenue are considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data

Accounts Receivable
The balance in accounts receivable consists primality of royalty fees due from franchisees, less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts.

Revenue Recognition
The Company recognizes revenue in accordance with FASB ASC 606-10-25, *Revenue from Contracts with Customers*. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Company's primary sources of revenue are as follows:

Franchise fee revenue
The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Franchised Business developed in one or multiple defined geographic areas and provides for a 10-year initial term with the option to renew for two additional 5-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by either existing or new franchisee, and the existing franchise agreement is terminated. A new franchise agreement is signed with the new franchisee with no franchise fee required. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selections, training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities is recognized when (or as) these services are performed, no later than the opening date. Revenue allocated to franchise rights and ongoing services is recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees are recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees are recognized over the contractual term of the franchise agreement.

Royalty revenue
Royalty revenue is charged to existing franchise owners based on six percent of gross sales generated by Franchised Business and are recognized as earned.

Advertising and marketing
All costs associated with advertising and marketing are expensed in the period incurred.

Income Taxes
The Company is taxed as a Partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the members who are taxed individually on their proportionate share of the Company's earnings. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements
In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

4. Revenue and Related Contract Balances

Disaggregation of Revenue
The following table disaggregates revenue by source for the year ended December 31, 2022:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ 14,587	$ 14,587
Royalty revenue	-	254,499	254,499
Total revenues	$ -	$ 269,086	$ 269,086

The following table disaggregates revenue by source for the year ended December 31, 2021:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ -	$ -
Royalty revenue	-	13,000	13,000
Total revenues	$ -	$ 13,000	$ 13,000

Contract Liabilities
Contract liabilities consist of deferred revenue resulting from initial franchise fees, renewal fees and transfer fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies the contract liabilities as deferred revenue in the balance sheet. The following table reflects the change in contract liabilities from Inception through December 31, 2022:

	Contract Liabilities
Balance at July 6, 2021	$ -
Revenue recognized during the year	-
Additions during the year	-
Balance at December 31, 2021	$ -
Revenue recognized during the year	(14,587)
Additions during the year	81,000
Balance at December 31, 2022	$ 66,413

4. Revenue and Related Contract Balances (continued)

Contract Liabilities (continued)

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022:

2023	$	13,344
2024		6,344
2025		6,344
2026		6,344
2027		6,344
Thereafter		27,693
Total	$	66,413

5. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	2022	2021
Accounts receivable	**$ -**	$ 93,134
Less: allowance for doubtful accounts	**-**	-
Accounts receivable, net	**$ -**	$ 93,134

For the year ended December 31, 2022 and the period from Inception through December 31, 2021, bad debt expense was $0 and $0, respectively.

6. Related Party Transactions

Due from members

Members of the Company received deposits for initial franchise fees on behalf of the Company. At December 31, 2022 and 2021, the Company had an amount due from members in the amount of $56,000 and $0, respectively.

Due to affiliates

On December 1, 2021, the Company entered into an assignment and assumption agreement with All Dogs Unleashed, LLC, an affiliate solely owned by the members whereby the affiliate transferred and assigned to the Company certain license agreements. The Company recognized royalty revenue of $13,000 related to these agreements for the year then ended December 31, 2021.

During the year and period ending December 31, 2022 and 2021, respectively, our affiliate, All Dogs Unleashed, LLC, advanced funds to the Company for operating and other expenses. At December 31, 2022 and 2021, the Company had a payable due to its affiliate in the amount of $101,824 and $86,824, respectively. The amount due to its affiliate is unsecured, bears no interest, and is due on demand.

At December 31, 2022 and 2021, the Company had a payable due to its affiliate, ADU Sales LLC in the amount of $748 and $0, respectively. The amount due to its affiliate is unsecured, bears no interest, and is due on demand.

7. Income Taxes

The Company is taxed as a Partnership under the provisions of Subchapter K of the Internal Revenue Code, accordingly, no federal income tax provision or liability is reflected in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, and the state of Texas. The Company is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022.

8. Credit Risk and Customer Concentrations

Credit risk

Receivables consists primarily of amounts due from franchisees. The financial condition of these franchisees is largely dependent upon the underlying business trends of the Company's brands. This concentration of credit risk is mitigated, in part, by the short-term nature of the receivables.

Customer Concentrations

The following table summarizes concentrations of accounts receivable in excess of 10% of receivables as of:

Franchisee	December 31, 2022	December 31, 2021
A	**	26%
B	**	33%
C	**	12%
D	**	12%
E	**	13%

** Less than 10% of receivables

The following table summarizes concentrations of franchisees' revenue in excess of 10% of total revenues for the year ended December 31, 2022 and the period from Inception through December 31, 2021:

Franchisee	2022	2021
A	19%	38%
B	13%	**
C	10%	**
F	12%	15%

** Less than 10% of revenues

9. Commitments and Contingencies

Litigation
Various legal actions and claims which may arise in the normal course of business may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

10. Subsequent Events

The Company has evaluated subsequent events through May 19, 2023, the date the financial statements were available to be issued.

ADU FRANCHISE LIMITED LIABILITY COMPANY

Compiled Financial Statements

For the Period Ended April 30, 2023

TRACI D. JOHNSON

Certified Public Accountant

365 Miron Drive, Suite D
Southlake, TX 76092
817-424-2321

Management is responsible for the accompanying financial statements of ADU Franchise Limited Liability Company, which comprise the balance sheet as of April 30, 2023, and the related income statement for the month and four months then ended. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Traci D. Johnson, CPA

Southlake, Texas

May 17, 2023

ADU Franchise Limited Liability Company
Balance Sheet
As of April 30, 2023

	Apr 30, 23
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo 6767	116,190.29
Total Checking/Savings	116,190.29
Total Current Assets	116,190.29
TOTAL ASSETS	**116,190.29**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
American Express 91006	2,361.50
Total Credit Cards	2,361.50
Total Current Liabilities	2,361.50
Long Term Liabilities	
Due to Affiliate	88,824.00
Total Long Term Liabilities	88,824.00
Total Liabilities	91,185.50
Equity	
Brian Claeys Equity	113,383.71
Member Distributions-B Claeys	-110,000.00
Travis Lux Equity	113,383.71
Member Distributions-T Lux	-110,000.00
Net Income	18,237.37
Total Equity	25,004.79
TOTAL LIABILITIES & EQUITY	**116,190.29**

ADU Franchise Limited Liability Company
Income Statement
For the month and four months ended April 30, 2023

	Apr 23	Jan - Apr 23	% of Income
Ordinary Income/Expense			
Income			
Franchise Income	27,685.91	151,637.04	100.0%
Total Income	27,685.91	151,637.04	100.0%
Gross Profit	27,685.91	151,637.04	100.0%
Expense			
Franchise Expenses	0.00	6,000.00	0.0%
Commissions	0.00	10,000.00	0.0%
Contract Services	0.00	3,500.00	0.0%
Owner Salaries	4,615.40	20,769.30	16.7%
Payroll Service Fees	269.52	1,046.03	1.0%
Salaries and Wages	0.00	5,607.41	0.0%
Advertising and Promotion	6,138.00	60,344.32	22.2%
Bank Service Charge	10.00	305.00	0.0%
Payroll Tax Expense	402.92	3,763.11	1.5%
Computer and Internet Expenses	448.50	897.00	1.6%
Professional Fees	75.00	21,167.50	0.3%
Total Expense	11,959.34	133,399.67	43.2%
Net Ordinary Income	15,726.57	18,237.37	56.8%
Net Income	**15,726.57**	**18,237.37**	**56.8%**

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

EXHIBIT F TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE
(SAMPLE FORM ONLY)

GENERAL RELEASE

(SAMPLE FORM ONLY)

RELEASOR, hereby releases and discharges ADU Franchise limited liability company and its respective present and former officers, directors, shareholders, members, managers, and employees (in their individual and corporate capacities), and their respective heirs, successors, and assigns (collectively, the RELEASEES), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims, and demands whatsoever, in law or equity, which RELEASOR has, had, or claims to have against the RELEASEES which arise out of or relate to the franchise agreements between RELEASOR and ADU Franchise limited liability company, including and the offer and sale of the Franchised Business including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances.

If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For Residents of the State of Washington: This GENERAL RELEASE does not apply to claims arising under the Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature:_____

Name:_____

Date:_____

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT G TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF FRANCHISEES
As of December 31, 2022

Franchisee	Address	City	ST	Phone	Type of Facility
Brad Smith[1]	371 Garden Street	Prescott	AZ	512-595-4216	Home Based
Steven Gleiser[1]	2301 Blake St.	Denver	CO	720-628-3617	Home Based
Kelli Stabile[1]	8270 Woodland Center Blvd.	Tampa	FL	712-898-8097	Home Based
Mike O'Hara[1]	909 55th St. West	Des Moines	IA	515-480-7977	Home Based
Mario Gonzalez	2764 S Kylee Pl	Boise	ID	512-68-8641	Commercial
A Better Dog Now, LLC (Bryan O'Hara) [1]	1309 S. 204th St.	Omaha	NE	402-332-8798	Commercial
Eduardo Dominguez[1]	205 Peachtree Dr. South	Charlotte	NC	704-726-3717	Commercial
Anthony Thomas Kelly	11604 Colorado Ave. N	Champlin	MN	612-322-4574	Commercial
Aaron Wurth[1]	435 Nicolas Rd #200	Kansas City	MO	913-522-3569	Home Based
Simon Palacios[1]	13785 Research Blvd.	Austin	TX	512-963-6017	Commercial
Jerrett Harris[1]	1150 N. Loop 1604 #108	San Antonio	TX	210-749-6242	Home Based
Tim Kelly[1]	40 Burton Hills Blvd #200	Nashville	TN	615-584-3081	Home Based

Note 1. These individuals entered into a license agreement with our affiliate All Dogs Unleashed LLC. These license agreements have since been transferred to us.

LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT, BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2022

Franchisee	City	ST	Phone
Troy Phillips	Colorado Springs	CO	307-760-5216
Linh (Lenny) Tran	Katy	TX	218-804-8024
Jeff Charles Gill	Columbia	SC	803-758-3706

LIST OF FORMER FRANCHISEES
As of December 31, 2022

Franchisee	Location	Phone
Troy Phillips	Shreveport, LA	307-760-5216

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

franchise system.

EXHIBIT H TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES PAGE

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	PENDING
Hawaii	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I TO
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

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 ADU Franchise limited liability company offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale. Applicable state laws in Michigan require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If ADU Franchise limited liability company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit B. Franchisor's agents for service of process are listed in Exhibit C.

The franchisor is ADU Franchise limited liability company, a Texas limited liability company, 2401 Luna Road, Carrollton, TX 75006.

Issuance Date: May 19, 2023

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Brian Claeys	2401 Luna Road Carrolton, TX 75006	(214) 422-1203
Travis Lux	2401 Luna Road Carrolton, TX 75006	(214) 422-1203

I received a disclosure document issued May 19, 2023, that included the following Exhibits:

EXHIBIT A Table of Contents of Manuals
EXHIBIT B List of State Administrators
EXHIBIT C List of Agents for Service of Process
EXHIBIT D Franchise Agreement
EXHIBIT E Financial Statements
EXHIBIT F General Release (Sample Form Only)
EXHIBIT G List of Current and Former Franchisees
EXHIBIT H State Effective Dates Page
EXHIBIT I Receipt

_____ _____

Signature Print Name

_____

Date

If signing on behalf of a corporation or other entity, please complete the following:

_____ _____

Name of Entity Title

Keep this copy for your records.

RECEIPT

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If ADU Franchise limited liability company offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale. Applicable state laws in Michigan require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Date

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Name of Entity Title