Received
LA Mailroom
JUL 20 2017
Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

BLO BLOW DRY BAR INC
a Delaware corporation
1881 Yonge Street, Suite 710
Toronto, Ontario, Canada M4S 3C4
(416) 630-6280
www blomedry com
growblo@blomedry com

The franchise offered is for the operation of a full service blow dry business having a distinctive interior and exterior design and trade dress and offering for sale to the public hair styling and cleansing products and accessories under the name "Blo Blow Dry Bar "

The total investment necessary to begin operation of a Blo Blow Dry Bar franchise is $174,100 to $305,300 This includes between $44,700 to $46,300 that must be paid to the franchisor and/or its affiliate, as appropriate

We offer to qualified individuals and companies a multi-unit development program which includes the right to own and operate multiple Blo Blow Dry Bar franchises within a particular geographic area Each franchise will be operated under a separate Franchise Agreement The total initial investment under this program will depend on the number of franchises you commit to develop For example, if you commit to develop 2 Blo Blow Dry Bar franchises, the total initial investment is $205,200 to $336,400 This includes between $73,700 and $75,300 that must be paid to the franchisor

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 the 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 government 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 Paul Spindler at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 and (416) 630-6280

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

Buying a franchise is a complex investment The information in this disclosure document can help you make up your mind More information on franchising, such as "*A Consumer s Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580 You can also visit the FTC's home page at

www ftc gov for additional information Call your state agency or visit your public library for other sources of information on franchising

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

Issuance Date July 10, 2017

STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN DELAWARE OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN DELAWARE THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATE THAT DELAWARE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $174,100 TO $305,300 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF MARCH 31, 2017, WHICH IS $206,699

4 THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES

5 IF WE TERMINATE THE FRANCHISE AGREEMENT FOR CAUSE, YOU WILL BE REQUIRED TO PAY US LIQUIDATED DAMAGES IN AN AMOUNT EQUAL TO YOUR AVERAGE MONTHLY ROYALTY FEES DURING THE TWELVE MONTHS PRECEDING THE TERMINATION DATE MULTIPLIED BY 24 MONTHS OR THE NUMBER OF MONTHS REMAINING IN THE FRANCHISE AGREEMENT, WHICHEVER IS HIGHER

6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See next page for state effective dates

STATE EFFECTIVE DATES

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

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

California	
Connecticut	Exempt
Florida	August 21, 2016
Hawaii	
Illinois	
Indiana	August 17, 2016
Kentucky	July 26, 2016
Maryland	
Maine	Exempt
Michigan	May 11, 2017
Minnesota	
New York	February 10, 2010, amended as of
North Carolina	Exempt
North Dakota	
Nebraska	July 13, 2016
Rhode Island	
South Carolina	Exempt
South Dakota	
Texas	January 19, 2010
Utah	July 18, 2017
Virginia	
Washington	
Wisconsin	

TABLE OF CONTENTS

ITEM 1	**1**
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATE	1
ITEM 2	**3**
BUSINESS EXPERIENCE	3
ITEM 3	**3**
LITIGATION	3
ITEM 4	**3**
BANKRUPTCY	3
ITEM 5	**4**
INITIAL FEES	4
ITEM 6	**5**
OTHER FEES	5
ITEM 7	**10**
ESTIMATED INITIAL INVESTMENT	10
ITEM 8	**13**
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9	**15**
FRANCHISEE'S OBLIGATIONS	15
ITEM 10	**17**
FINANCING	17
ITEM 11	**17**
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	17
ITEM 12	**25**
TERRITORY	25
ITEM 13	**27**
TRADEMARKS	27
ITEM 14	**29**
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	29
ITEM 15	**30**
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS	30
ITEM 16	**30**
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30

ITEM 17 **31**
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 31
ITEM 18 **38**
PUBLIC FIGURES 38
ITEM 19 **38**
FINANCIAL PERFORMANCE REPRESENTATIONS 38
ITEM 20 **39**
OUTLETS AND FRANCHISEE INFORMATION 39
ITEM 21 **43**
FINANCIAL STATEMENTS 43
ITEM 22 **44**
CONTRACTS 44
ITEM 23 **44**
RECEIPTS 44

EXHIBITS

A – List of State Administrators/Agents for Service of Process
B – State Specific Addendum
C – Financial Statements
D – Franchise Agreement (and Exhibits)
E – Multi-Unit Development Agreement (and Exhibits)
F – Table of Contents of the Operations Manual
G – List of Franchisees, Multi-Unit Developers
H – Franchisees, Multi-Unit Developers Who Have Left The System
I – General Release
J – Franchisee Disclosure Acknowledgment Statement

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, the words "we," "our" and "us" refer to Blo Blow Dry Bar Inc , the franchisor of this business "You" and "your" refer to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity If you are a corporation, limited liability company or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted

OUR BUSINESS ACTIVITIES

We were incorporated in the State of Delaware on December 1, 2009 for the purposes of offering Blo Blow Dry Bar franchises and owning and operating Blo Blow Dry Bar businesses in the United States Our principal business address is 1881 Yonge Street, Suite 710, Toronto, Ontario, M4S 3C4 We do business under our corporate name and the name "Blo Blow Dry Bar " We have offered Blo Blow Dry Bar franchises in the United States since January 2010 In our fiscal year ending March 31, 2017, we reacquired 1 franchised location in Washington DC We will operate this location until we find a buyer for it Other than this location, we do not own or operate any businesses of the type being franchised

Our agents for service of process are listed in Exhibit A

We grant franchises to qualified persons or business entities in conjunction with the service marks "Blo Blow Dry Bar" and certain associated logos (collectively referred to as the "Marks") We refer to these businesses as ' Blo Blow Dry Bars " We refer to the Blo Blow Dry Bar you will operate as the "Franchised Business "

The franchise offered is for a full service blow dry business having a distinctive interior and exterior design and trade dress and offering for sale to the public hair styling and cleansing products and accessories The franchise may include additional Blo beauty services, such as make-up A Blo Blow Dry Bar requires approximately 500 to 1,000 square feet of space and is located primarily in free-standing locations You must operate the Franchised Business in accordance with our standards, methods, procedures and specifications, which we refer to as our "System" and which is more particularly described in our Franchise Agreement attached as Exhibit D to this Disclosure Document

OUR PARENT, PREDECESSORS AND AFFILIATES

We have no predecessor, but we have a parent company and an affiliate

Our corporate parent is 2226143 Ontario Inc , an Ontario corporation incorporated on December 3, 2009 and headquartered at our address ("Parent") Our Parent is not an approved supplier of any product or service, and our Parent will not guaranty our performance Our Parent does not offer franchises in this or any other businesses

Our affiliate is BBDB, LLC, a Delaware limited liability company formed on March 13, 2017 and headquartered at our address ("BBDB Affiliate") BBDB Affiliate is our wholly-owned subsidiary and was formed to manage and operate franchised locations that we reacquired from our franchisees BBDB Affiliate does not offer franchises in this or any other line of business

OUR FRANCHISE PROGRAM

In this Disclosure Document we grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, franchises for the right to own and operate a Blo Blow Dry Bar Franchised Business at a single location that we approve using the Marks, Copyrights and the System Our current form of Franchise Agreement is attached as Exhibit "D"

We may also offer multi-unit development agreements ("Multi-Unit Development Agreements"), attached to this Disclosure Document as Exhibit "E", to qualified individuals, corporations, partnerships and limited liability companies ("Multi-Unit Developer") If you sign a Multi-Unit Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Franchised Businesses (a minimum of two) within an agreed-upon designated area (the "Exclusive Area"), under an agreed-upon timetable (the "Development Schedule") Each Franchised Business will be constructed and operated under a separate Franchise Agreement

MARKET AND COMPETITION

Our concept is targeted to the general public, but your clients will likely be predominantly female As a franchisee, you will compete for consumers with a variety of other businesses, including those that only offer hair care services (including blow dry services) and those that offer spa services in general Your competition may be local, independent businesses or may be part of a regional or national chain or franchise Demand for the services you offer may be dependent on the local and national economic conditions and their effect on the public's discretionary spending

REGULATIONS SPECIFIC TO THE INDUSTRY

State, Local, or Federal laws require you to obtain various licenses and/or permits for the operation of your Blo Blow Dry Bar franchise Each state may differ in licensing and permit requirements for the services you will offer, and may have regulations relating to individual license requirements for your employees You must research the requirements that apply to your specific territory, and to operate your Blo Blow Dry Bar franchise in full compliance with all State, Local and/or Federal laws that apply to your business

In the state of California, you may need to get a license from the State Board of Barbering and Cosmetology (Division 3, Chapter 10 of the California Business and Professions Code)

You must also comply with employment, workers' compensation, insurance, corporate, taxing and other laws and regulations Among the licenses and permits you may need are zoning or land use approvals, sales and use tax permits, special tax stamps, fire department permits, health permits, alarm permits, county occupational permits, retail sales licenses and wastewater discharge permits There may be other laws, rules or regulations that affect your bar, including minimum wage and labor laws along with ADA, OSHA and EPA considerations You must comply with all laws and licensing requirements related to the operation of your Franchised Business We recommend that you consult with your attorney for an understanding of them

ITEM 2
BUSINESS EXPERIENCE

PRESIDENT/CHAIRMAN OF THE BOARD ARI YAKOBSON

Mr Yakobson is one of our co-founders and has been our President and Chairman of the Board since our inception in December 2009 and our CEO until March 2016 He was President, CEO and Chairman of the Board for Melonhead Corporation located in Toronto, Ontario, Canada since its inception in 2001 to January 2013 Since 2002, Mr Yakobson is the Founder and Managing Partner of Neves Inc , a merchant bank located in Toronto, Ontario, Canada that provides financial and consulting services to individuals and private companies Since 2005 he has been Director, Strategic Advisor and Shareholder of Astley Gilbert Ltd located in Toronto, Canada In November 2013, he joined Wildeboer Dellelce LLP, a law firm located in Toronto, Ontario, Canada

CHIEF EXECUTIVE OFFICER (CEO) VANESSA MELMAN YAKOBSON

Ms Yakobson has been our CEO since April 2016 She is one of our co-founders From March 2014 to March 2016, she did Marketing, Sales and Capital Introduction on an independent basis From May 2013 to February 2014, she was Director of Business Development for Triumph Asset Management located in Toronto, Ontario, Canada From October 2002 to October 2012, she was Managing Director, Development &Strategy for Pediatric Oncology Group of Ontario located in Toronto, Ontario, Canada

VICE PRESIDENT/SECRETARY PAUL SPINDLER

Mr Spindler is one of our co-founders and has been our Vice President and Secretary since our inception in December 2009, and he was the Founder and Director of Melonhead Corporation located in Toronto, Ontario, Canada from 2001 to January 2013

ITEM 3
LITIGATION

Annette Lindsey Gartner et al vs *Blo Blow Dry Bar Inc et al* (Superior Court of California, County of LA, Case No BC 490979) Plaintiffs ("Gartner"), who are franchisees of the franchisor, brought an action in late 2012 alleging breach of written contracts, fraud and deceit, and violation of the Unfair Trade Practices Act (Cal Business and Professions Code 17200) The case was settled prior to defendants ("BBDB") interposing an answer The settlement terms for the franchise agreement were that Gartner would not have to pay royalties for the remainder of the term and for any renewals of their franchise agreement, Gartner will be permitted to sell cosmetics and if they wish, Gartner can terminate their franchise agreement on 30 days' notice Under the terms of the settlement all obligations between the parties under the Development Agent Agreement and Distribution Agreement were terminated

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

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5
INITIAL FEES

FRANCHISE AGREEMENT

Initial Franchise Fee

The initial franchise fee is $39,000 You will pay this fee in a lump sum to us when you sign the Franchise Agreement and is fully earned by us The initial franchise fee is imposed uniformly on all franchisees and it is not refundable The initial franchise fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees

If you are a qualified United States Veteran, then we will discount the initial franchise fee by 10% (currently, $3,900 for your first franchise)

Blo U and Franchisee Training and Payments

Trainers will conduct staff training at your location prior to opening (we refer to this as "Blo U"), including franchise partner training and software training You must pay the trainers' expenses including travel, lodging and meals We estimate these costs will be between $5,700 and $7,300 This is not refundable

MULTI-UNIT DEVELOPMENT AGREEMENT

In the event that we sell you an area to be developed containing multiple Franchised Businesses, we will charge a multi-unit developer fee that is based on the number of Franchised Businesses that you commit to open within your Exclusive Area The multi-unit developer fee is equal to 100% of the initial franchise fee for each Franchised Business to be developed under the Multi-Unit Development Agreement You will pay this total amount in a lump sum when you sign the Multi-Unit Development Agreement, and it is not refundable under any circumstances, regardless of whether you open any Franchised Business in the Exclusive Area

For the first Franchised Business to be developed, the initial franchise fee is $39,000 For the second Franchised Business to be developed, the initial franchise fee is $29,000 For the third and any additional Franchised Businesses to be developed, the initial franchise fee is $15,000 Only multi-unit developers signing a Multi-Unit Development Agreement with us are eligible for these reduced fees

For example, if you commit to develop two Franchised Businesses within the Exclusive Area, your multi-unit developer fee is calculated as $39,000 plus $29,000 equals $68,000 If you wish to develop more than two Franchised Businesses, the multi-unit developer fee will increase by $15,000 for each additional Franchised Business you commit to develop

You will sign a Franchise Agreement for each Franchise Agreement you agree to develop as part of your Multi-Unit Development Agreement It is expected that you will sign the Franchise Agreement for your first Franchised Business at the same time the Multi-Unit Development Agreement is signed For each Franchised Business developed after the first one, you will sign the Franchise Agreement when you sign a lease or purchase agreement for the Franchised Business You may not open any of your Franchised Businesses unless and until a fully executed Franchise Agreement is in place for that Franchised Business

There are no other payments to or purchases from us or our affiliates that you are required to make before your Franchised Business opens

ITEM 6
OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Payable on the 5th day of each month for the prior calendar month If the 5th of any month is not a business day, then the Royalty Fee is due on the next business day	See definition of Gross Sales[1] Payments are made by electronic funds transfer
Advertising Fund Contribution	$200	Payable at the same time and in the same manner as the Royalty Fee	The Advertising Fund is described in Item 11 With 30 days prior written notice to you, we can increase the Advertising Fund Contribution up to 2% of Gross Sales
Brand Maintenance Fee	$150	Payable at the same time and in the same manner as the Royalty Fee	This fee covers social media, web, public relations, best practices coaching, and corporate direction and collaboration around event planning and management
Local Advertising	1% of Gross Sales	Must be spent monthly	You pay directly to your local suppliers, but all advertising you want to use is subject to our approval
Cooperative Advertising	As determined by the members	As determined by the members	We may form (or approve the formation of) advertising cooperatives where there are multiple franchises in a geographical area Any amounts you contribute to an advertising cooperative will count toward your local advertising requirement

Name of Fee	Amount	Due Date	Remarks
Additional On-Site Training	Our then-current per diem rate per trainer, plus our representatives' expenses Current per diem rate = $360	15 days after billing	If you request that we provide additional training at your Franchised Business to you and/or your employees You must also reimburse our representatives' expenses in providing on-site training, including travel, lodging and meals
Transfer Fee (Franchise Agreement)	50% of our then-current initial franchise fee	With request for approval of transfer	No fee is imposed for a one-time transfer to a corporate entity formed by you for the convenience of ownership
Transfer Fee (Multi-Unit Development Agreement)	$25,000	With request for approval of transfer	No fee is imposed for a one-time transfer to a corporate entity formed by you for the convenience of ownership
Renewal Fee	25% of our then-current initial franchise fee	Prior to renewal	You must satisfy all renewal requirements, payable before renewal of the Franchise Agreement
Relocation of Your Franchised Business	Reimbursement of our expenses	Upon demand	If you request permission to relocate your Franchised Business, you must reimburse our costs and expenses related to reviewing your request and any proposed new location
Interest on overdue amounts	18% per year or the highest rate allowed by law, whichever is less	Upon demand	Applies to all overdue Royalty Fees, Advertising Fund Contributions and other amounts due to us that are not received within five days of their due date Also applies to any understatement in amounts due revealed by an audit
Audit Expenses	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit is required due to your failure to provide required reports, or if the audit shows an understatement in amounts due of at least 2%

Name of Fee	Amount	Due Date	Remarks
Salon Account Management Software	$120	Monthly	Payable to the approved software provider You must maintain a contract to obtain all updates and/or upgrades for the required software
Approval of Products or Suppliers	All reasonable costs of evaluation (not to exceed $500)	Time of evaluation	Applies to new suppliers you wish to purchase from or products you wish to purchase that we have not previously approved We are not required to approve any additional products or suppliers
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable only if you fail to maintain required insurance coverage and we obtain coverage for you
System Modifications	All costs and expenses of modifications	As required	If we decide to modify the System by requiring new equipment, fixtures, software, trademarks, etc , you must make the modifications at your expense
Remodeling and Refurbishment	All costs and expenses for remodeling or refurbishment	As required	We may require you to remodel and/or refurbish your Bar to meet our then-current image for Blo Blow Dry Bars We will not make this request more frequently than every five years
Costs and Attorneys' Fees	Will vary under circumstances	Upon demand	Payable upon your failure to comply with the Franchise Agreement
Indemnification	Will vary under circumstances	Upon demand	You must reimburse us if we are held liable for claims arising from your Bar's operations

Name of Fee	Amount	Due Date	Remarks
Gift Card Program	Will vary		You must participate in our gift card program Gift cards are available for sale through our website and at all Blo Blow Dry Bars in the System, and may be redeemed at any Blo Blow Dry Bar in the System, regardless of where they were purchased
Liquidated Damages	Liquidated damages are equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher		See note 2
Replacement Manual	Reimbursement of our costs	On demand	If your copy of the Manual is lost or destroyed, you must reimburse our costs for providing you a replacement copy
Securities Offering	Reimbursement of our expenses	On demand	If you request our consent to your private or public offering of securities
Charges for "secret shopper" quality control evaluation	$150 to $175 per visit	Upon demand, if incurred	See Note 3 The secret shopper program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items)

Name of Fee	Amount	Due Date	Remarks
Annual Meeting	Our then-current per person fee Current per person fee = $250	Upon demand, if incurred	If we choose to hold an annual meeting, attendance will be mandatory for you and your manager The cost of the annual meeting does not include travel, lodging, meals or wages for the attendee
Yelp	$30	Monthly	Payable to supplier You must participate on Yelp in the Beauty & Spas section

All fees are uniformly imposed by and payable to us, unless otherwise noted, and are non-refundable

NOTES

1 "Gross Sales" means the aggregate of all revenue from the sale of products, gift cards, barter or exchange, complimentary services and services from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding all refunds made in good faith, any sales and equivalent taxes that you collect and pay to any governmental taxing authority, and the value of any allowance issued or granted to any of your customers that you credit in full or partial satisfaction of the price of any products and services offered by the Franchised Business

If you do not report the Gross Sales, we may debit your account for 120% of the last Royalty and Advertising Fund Contribution that we debited If the Royalty and Advertising Fund Contribution we debit are less than the Royalty and Advertising Fund Contribution you actually owe us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify If the Royalty and Advertising Fund Contribution we debit are greater than the Royalty and Advertising Fund Contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month

If any state imposes a sales or other tax on the Royalty fees, then we have the right to collect this tax from you

2 If we terminate your Franchise Agreement for cause, you agree to pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher

3 We may use an independent service to conduct a "secret shopper" quality control and evaluation program You must participate in this program, and we may require that you pay the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement)

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee[1]	$39,000	Lump Sum	Upon Signing Franchise Agreement	Us
Real Estate/Rent (3 Months)[2]	$9,000 to $15,000	As Arranged	Before Beginning Operations	Lessor
Security Deposits[3]	$3,000 to $5,000	As Arranged	Before Beginning Operations	Lessor, Utilities
Leasehold Improvements[4]	$50,000 to $135,000	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Equipment[5]	$20,000 to $45,000	As Arranged	Before Beginning Operations	Third Parties
Computer System and Software and Training[6]	$2,500 to $4,000	As Arranged	Before Beginning Operations	Third Parties
Insurance (3 Months)[7]	$900 to $1,500	As Arranged	Before Beginning Operations	Third Parties
Supplies and Collateral[8]	$2,000 to $3,000	As Arranged	Before Beginning Operations	Approved Suppliers
Initial Inventory[9]	$4,500 to $10,000	As Arranged	Before Beginning Operations	Approved Suppliers
Blo U training[10]	$5,700 to $7,300	As Arranged	Before Beginning Operations	Us
Grand Opening Promotions, Advertising and Events[11]	$10,000	As Arranged	First 3 Months of Operation	Approved Suppliers
Licenses and Permits[12]	$500	As Arranged	Before Beginning Operations	Licensing Authority
Legal & Accounting[13]	$2,000 to $5,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds[14] (3 months)	$25,000	As Arranged	As Necessary	You Determine
TOTAL[15]	$174,100 to $305,300			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable and the Franchise Fee is partially refundable, as described in Item 5 We do not finance any portion of your initial investment

NOTES

1 ***Franchise Fee*** The Franchise Fee is described in greater detail in Item 5 of this Disclosure Document The higher fee is for your first franchise

2 ***Real Estate/Rent*** You must lease or otherwise provide a suitable facility for the operation of the Franchised Business Typically, a Blo Blow Dry Bar will be located within a mall, plaza or free-standing location and should have approximately 700 to 1,000 square feet of space Lease costs will vary based upon the square footage leased, the cost per square foot and the required maintenance costs The amounts you pay are typically not refundable, but in certain circumstances the security deposit may be

If you choose to purchase real estate for your Franchised Business, we cannot estimate how this would increase your initial investment Our estimates assume that you will lease an existing building and build it out to our specifications

3 ***Security Deposits*** We assume you will have to pay your landlord a security deposit equal to one month's rent in advance but in some instances may be up to 3 months' rent If you are a new customer of your local utilities, you will generally have to pay deposits in connection with services such as electric, telephone, gas and water The amount of deposit will vary depending upon the policies of the local utilities

4 ***Leasehold Improvements*** The facility must be renovated according to our standards and specifications This estimate is based on our experience in renovating/constructing a Blo Blow Dry Bar Business The high amount is for construction of a Blo Blow Dry Bar with a minimum of 8 styling stations and the equipment necessary to provide makeup services The costs are approximate estimates and will vary according to locality The estimate is for the total construction/renovation cost of a Franchised Business, excluding the cost of building permits which may vary due to wide variations in building and site conditions The estimate also excludes financing costs, which may vary widely based on factors like the type of loan, the size and location of the Franchised Business and your creditworthiness Building construction and renovation costs vary greatly from region to region depending on material, labor costs, union or non-union practices, your ability to negotiate with the landlord, and other variables You will incur costs to bring the property into conformity with the System These costs necessarily vary in each individual situation based on the physical condition of the property, fixtures, equipment, furnishings, furniture, signage, and similar items already present on the property The signage requirements and costs will vary based upon the size and location of the Franchised Business, local zoning requirements and local wage rates for installation, among other things Our estimates do not include any tenant improvement allowance that you may negotiate with your landlord

5 ***Furniture, Fixtures & Equipment*** You must purchase, decor items, and our proprietary millwork, styling chairs, hair washing stations and chairs, and hot tools for salon use

6 ***Computer System and Software*** You must purchase a computer system with the peripheral equipment and software that we require On-site computer training will be supplied by the

software provider at your expense The computer system is described in Item 11 The cost to set up your Blo Blow Dry Bar email account is $85

7 ***Insurance*** You must purchase the type and amount of insurance specified in Section 15 of the Franchise Agreement in addition to any other insurance that may be required by applicable law, any lender or your landlord

8 ***Supplies and Collateral*** You must purchase general office supplies including stationery, business cards and typical office equipment You must also purchase certain collateral items, including promotional items, menus, bags and other printed materials used in the operation and promotion of your Franchised Business

9 ***Initial Inventory*** You must carry an inventory from our approved suppliers which will include hair care products, styling tools and accessories

10 ***Blo U Training*** Trainers will attend at your location prior to opening to conduct staff training, franchise partner training and software training You must pay the trainers' expenses including travel, accommodations and meals plus the Blo U trainer's salary

11 ***Grand Opening Promotions, Advertising and Events*** You must conduct a grand opening advertising campaign during the month before you open and for the first three months of operation We must approve of your grand opening advertising campaign before you conduct it You must participate on Yelp in the Beauty & Spas section, currently $30 per month

12 ***Licenses and Permits*** Local government agencies typically charge fees for occupancy permits, operating licenses and sales tax licenses, among other things Your actual costs may vary based on the requirements of local government agencies State licenses for barbering and/or cosmetology typically range from $25 to $80 annually

13 ***Legal & Accounting*** We strongly recommend that you engage an attorney or accountant to assist you in your review of this offering You will need to employ an attorney, an accountant and other consultants to assist you in establishing your Franchised Business These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants and consultants Our estimates do not include the formation of an entity for ownership of the franchise

14 ***Additional Funds*** We recommend that you have a minimum amount of working capital available to cover operating expenses, including employees' salaries, for the first three months that the Franchised Business is open However, we cannot guarantee that our recommendation will be sufficient Additional working capital may be required if sales are low or operating costs are high

15 ***Total*** In compiling this chart, we relied on our and our Parent's combined industry experience and experience in operating Blo Blow Dry Bars The amounts shown are estimates only and may vary for many reasons including the size of the facility you lease, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee

YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT DEVELOPER

Column 1 **Type of Expenditure**	Column 2 **Amount**	Column 3 **Method of Payment**	Column 4 **When Due**	Column 5 **To whom payment is to be made**
Multi-Unit Developer Fee (1)	$68,000	Lump Sum	When Multi-Unit Development Agreement is signed	Us
Vehicle (3 months) (2)	$2,100	As incurred	As arranged	Third Parties
Other Expenditures for first Bar (3)	$135,100 to $266,300	As Disclosed in First Table	As Disclosed in First Table	As Disclosed in First Table
Total	$205,200 to $336,400			

Notes

1 The multi-unit developer fee is calculated as $39,000 for the first Franchised Business you commit to develop, plus $29,000 for the second Franchised Business, plus $15,000 for each additional Franchised Business you commit to develop Our estimate assumes you will develop two Franchised Businesses ($39,000 plus $29,000 equals $68,000)

2 The approximate cost for a vehicle to view potential sites, oversee the build-outs, supervise multiple locations, etc will be $2,100 for 3 months

3 If we sell you development rights under the Multi-Unit Development Agreement, your initial investment and additional investment will not be different than as stated in this Item, except for increases in these costs over time that we cannot predict

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as indicated below, you do not need to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the Franchised Business from us or our designees

Specifications

You must build out, furnish and equip the Franchised Business according to our standards and specifications as described in our Confidential Operations Manual (the "Manual") and any drawings provided to you by us Many of the products, supplies and services needed in connection with establishing your Franchised Business, such as stylist chairs, fixtures, decor, paper goods and retail products inventory, computer hardware and software and signs, must meet our specifications for appearance, quality, performance and functionality, among other things Our millwork (which includes the styling bar, reception desk and retail display units) and styling chairs are proprietary to us and may

only be purchased from approved suppliers We list the specifications for these items and services in the Manual or in other written or electronic communications provided to you We formulate and modify our specifications for products, supplies and services based upon our and our Parent's industry knowledge and our experience in developing and operating Blo Blow Dry Bars

Approved Suppliers

The products, supplies and services discussed above may only be purchased from Approved Suppliers in accordance with the Manual We will provide you with a list of these items and services and their Approved Suppliers, which may include or be limited to us or an affiliate Our list of Approved Suppliers is contained in our Manual and is subject to change periodically Currently neither we nor our affiliates are currently an approved supplier for any item None of our officers has an ownership interest in any Approved Supplier

If you want to use any item or service in establishing or operating the Franchised Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications or samples for us to determine whether the item or service complies with our standards and specifications or whether the supplier meets our Approved Supplier criteria You must reimburse us for all of our reasonable expenses in connection with determining whether we will approve an item, service or supplier (not to exceed $500) We will decide within a reasonable time (usually 90 days) after receiving the required information whether you may purchase or lease the items or services or if you may purchase from the supplier Our approval process generally focuses on the supplier's dependability, general reputation and ability to provide sufficient quantity of product or services, and the products' or services' prices and quality We are not required to approve or authorize any additional products or suppliers We grant and revoke approval of suppliers through notice to our suppliers and franchisees

Miscellaneous

We may negotiate group rates, including price terms, for the purchase of equipment, inventory and supplies necessary for the operation of the Franchised Business Presently, there are no purchasing or distribution cooperatives that you must join We may receive rebates, discounts or other financial benefits from Approved Suppliers or any other suppliers based on our franchisees' purchase of goods or services If we receive rebates or other payments, there are no restrictions on our use of those funds During the fiscal year ended March 31, 2017, we earned $117,174 29 or 9 5% of our total revenues of $1,232,630 in rebates or commissions from Approved Suppliers based on their sales to our franchisees

We estimate that approximately between 25% and 30% of your expenditures in establishing your Franchised Business will be for goods and services that must be purchased from an Approved Supplier or in accordance with our standards and specifications We estimate that approximately between 90% and 95% of your expenditures on an ongoing basis will be for goods and services that must be purchased from an Approved Supplier, or in accordance with our standards and specifications

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Blo Blow Dry Bars) based on whether or not you purchase through the sources we designate or approve, however, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us to terminate the Franchise Agreement

INSURANCE

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverages that we periodically require, our insurance requirements will be contained in the Manual We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage, our protection and rights under the policies as an additional named insured, required or impermissible insurance contract provisions, assignment of policy rights to us, periodic verification of insurance coverage that must be furnished to us, our right to obtain insurance coverage at your expense if you fail to obtain required coverage, our right to defend claims, and similar matters relating to insured and uninsured claims

You currently must maintain the following insurance coverages (1) commercial general liability with limits of not less than $1,000,000, (2) professional liability with limits of not less than $1,000,000, (3) business interruption insurance, (4) contents coverage, including tenant's improvements value, at replacement cost, (5) sewer back-up insurance, (6) boiler insurance, (7) workers' compensation, employer's liability and other insurance required by applicable state laws, and (8) any other insurance that may be required according to the terms of the lease for the premises or as may be required by us in the future You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

The following abbreviations appear in this Item 9 table **FA** – Franchise Agreement, **MUDA** – Multi-Unit Development Agreement,

Obligation	Section in the Agreement	Item in the Disclosure Document
a Site selection and acquisition of lease	**FA** Sections 2 and 5 **MUDA** Article I	Items 11 and 12
b Pre-opening Purchases/leases	**FA** Sections 5, 13 and 15 **MUDA** Article I	Items 7 and 8
c Site development and other pre-opening requirements	**FA** Sections 5 and 8 **MUDA** Article II	Items 7, 8 and 11
d Initial and ongoing training	**FA** Section 8	Items 6, 7 and 11

Obligation	Section in the Agreement	Item in the Disclosure Document
e Opening	**FA** Sections 5, 8, and 11 **MUDA** Article I	Item 11
f Fees	**FA** Sections 2 5, 5, 8, 10, 11, 12, 13, 15, 18 and 21 **MUDA** Article III	Items 5, 6 and 7
g Compliance with standards & policies/Operating Manual	**FA** Sections 5, 6, 9, 10, and 13	Items 8 and 16
h Trademarks and Proprietary information	**FA** Sections 6, 7, and 9	Items 13 and 14
i Restrictions on sources of product and services	**FA** Sections 5, 6, 9 and 13	Items 8 and 16
j Warranty and customer service requirements	**FA** Section 13	Item 16
k Territorial development	**FA** None **MUDA** Article I	Item 12
l Ongoing product/service purchases	**FA** Section 13	Items 8 and 11
m Maintenance, appearance & remodeling requirements	**FA** Sections 5, 10 and 13	Item 6
n Insurance	**FA** Section 15	Items 6, 7 and 8
o Advertising	**FA** Section 11	Items 6 and 11
p Indemnification	**FA** Section 21 **MUDA** Article IX	Item 6
q Owner's participation/ management/staffing	**FA** Section 13	Item 15
r Records/reports	**FA** Section 12	Item 11
s Inspections/audits	**FA** Sections 6 and 12	Item 6, 11 and 13
t Transfer	**FA** Section 18 **MUDA** Article VI	Item 17
u Renewal	**FA** Section 4 **MUDA** Article II	Item 17
v Post-termination obligations	**FA** Section 17 **MUDA** Article V	Item 17
w Non-competition	**FA** Sections 7 and 17 **MUDA** Article II	Item 17
x Dispute resolution	**FA** Section 23 **MUDA** Article VIII	Item 17

Obligation	Section in the Agreement	Item in the Disclosure Document
y Liquidated damages	**FA** Section 17	Item 6
z Owners/shareholders guaranty	**FA** Section 18	Item 15

ITEM 10
FINANCING

We do not offer direct or indirect financing We do not guarantee your note, lease or obligation We may provide names of financing sources upon request We will not guarantee your obligations to third parties We do not receive payment from any person for the placement of financing with such person

We have been accepted by SBA Franchise Registry It is our understanding that this acceptance may expedite the loan process if you wish to obtain outside financing

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

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

PRE-OPENING OBLIGATIONS

Multi-Unit Development Agreement The pre-opening and continuing services we provide under the Franchise Agreement will be provided to each Multi-Unit Developer for each Franchised Business that they open, however the Multi-Unit Developer will not be trained for each unit opened after the first unit

Franchise Agreement Before you open your Franchised Business, we will

1 designate your Exclusive Territory, as further described in Item 12 (Franchise Agreement – Section 2 5)

2 if we have not already approved a site that you have selected before you sign the Franchise Agreement, provide you with our criteria for site selection and review the site you have selected for the location of the Franchised Business (Franchise Agreement – Sections 2 5 and 5 1)

3 review and approve your lease or purchase agreement for the site for the Approved Location (Franchise Agreement – Section 5 2)

4 We will assist you with the build-out of your Franchised Business (Franchise Agreement – Section 5 3) You must engage the services of our designer to develop plans for the build-out of your Franchised Business that are specific to the location we have approved You must engage mechanical and electrical engineers and a local architect to prepare the drawings for any and all permits required for construction of your Franchised Business

5 provide you with an initial orientation and training program to be held at your location You will be responsible for all costs associated with training and orientation (Franchise Agreement – Section 8 1)

6 provide to you, on loan, one copy of our Manual, or grant you access to an electronic copy of the Manual (Franchise Agreement – Section 9 1)

CONTINUING OBLIGATIONS

Franchise Agreement During the operation of your Blo Blow Dry Bar, we will

1 periodically advise you and offer you general guidance by telephone, e-mail, facsimile, newsletters and other methods Our guidance is based on our industry experience and our experience in operating Blo Blow Dry Bars Our advice and guidance may consist of knowledge and experience relating to the authorized services or products, as well as operational methods, accounting procedures, and marketing and sales strategies (Franchise Agreement – Section 14 1)

2 at our discretion, periodically visit the Franchised Business to advise, assist and guide you in various aspects of the operation and management of the Franchised Business We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies that become evident as a result of any visit If we prepare a report, you may request a copy from us If we use a secret shopper, you will pay for the report (currently $150 to $175 per visit) (Franchise Agreement – Section 14 2)

3 make available to you operations assistance and ongoing training as we deem necessary (Franchise Agreement – Sections 8 2 and 8 5)

4 make available to you changes and additions to the System as generally made available to all franchisees (Franchise Agreement – Section 14 3)

5 periodically provide formats for advertising and promotional materials including ad-slicks, brochures, flyers and other materials for you to produce and use (Franchise Agreement – Section 14 4)

6 approve forms of advertising materials you will use for Local Advertising, Grand Opening Advertising and Cooperative Advertising (Franchise Agreement – Section 11)

7 provide you with modifications to the Manual as they are made available to franchisees (Franchise Agreement – Section 9 2)

8 establish the minimum and/or maximum prices that you may charge, as permitted by applicable law (Franchise Agreement – Section 14 1)

PROMOTION, ADVERTISING AND BRAND MAINTENANCE

Advertising Fund

We established a System-wide Advertising Fund, and you must contribute to the Advertising Fund $200 per month With 30 days prior written notice to you, we may change the Advertising Fund Contribution to a maximum of 2% of Gross Sales (Franchise Agreement – Section 11 3) We will administer the Advertising Fund as follows

1 We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements We may use print, television, radio,

Internet or other media for advertisements and promotions We will not be obligated to spend any amount on advertising in any franchisee's area that will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund

2 We may use your contributions to meet any cost of, or reimburse us for our cost of, producing, maintaining, administering and directing consumer advertising and public relations (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities, developing and/or hosting an Internet website or similar activities, employing advertising agencies to assist therein, providing promotional brochures, conducting market research, and providing other marketing materials to franchisees) We may conduct all advertising and public relations in-house, or we may use a national or regional advertising or public relations agency We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Advertising Fund We will not use Advertising Fund Contributions for the direct solicitation of franchise sales

3 We expect to use all contributions in the fiscal year they are made, but any monies remaining in the Advertising Fund at the end of any year will carry over to the next year We will use any interest or other earnings of the Advertising Fund before using current contributions We intend for the Advertising Fund to be perpetual, but we have the right to terminate it if necessary We will not terminate the Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a *pro rata* basis For the fiscal year ended March 31, 2017, 37% of the advertising contribution went toward public relations, 23% toward marketing, 10% toward advertising, 2% toward promotions and 28% remains in the Advertising Fund

4 All Blo Blow Dry Bars owned by us or our affiliates will make similar contributions to the Advertising Fund as required of franchisees

5 We will have an unaudited statement of the Advertising Fund prepared each year and we will provide you with a copy if you request it We may require that the annual accounting be audited by an independent certified public accountant at the expense of the Advertising Fund

6 The Advertising Fund is not a trust and we assume no fiduciary duty in administering the Advertising Fund

Brand Maintenance Fee

In addition to the Advertising Fund, you must pay to us a monthly Brand Maintenance Fee of $150 The Brand Maintenance Fee covers social media, corporate campaigns, website, best practices coaching, and graphic design services

Local Advertising

You must conduct advertising, promotions and public relations in the local area surrounding the Franchised Business each month, and you must spend at least 1% of Gross Sales each month on your local advertising You will pay for your ads and promotions directly to your local advertising suppliers, but we will provide you with general marketing guidelines, artwork and we will review and approve your advertisements Within 30 days of our request, you must give us an accounting of your advertising activities, including verification copies of the ads (Franchise Agreement – Section 11 2) You must also prominently display franchise brochures that we provide, at our cost, in your location to solicit

prospective franchisees You must participate on Yelp in the Beauty & Spas section, currently $30 per month

Any advertising that has not been furnished by us or that we have not approved within the preceding 12 months must be submitted to us for our review We will have 15 days after our receipt of the materials to advise you whether they are approved or not If we do not provide you with oral or written approval within this 15 day period, the materials are deemed not approved Any advertising or promotional materials you provide to us for our review will become our property, and there will be no restriction on our use or distribution of these materials The approval process described in this paragraph also applies to proposed advertising to be used by an advertising cooperative We may require you to include certain language in your advertising, such as "franchises available" and our website address and telephone number

Cooperative Advertising

Although we are not obligated to do so, we may create an advertising cooperative for the benefit of all Blo Blow Dry Bars located within a particular region, or we may approve of an advertising cooperative formed by our franchisees within a particular region You must participate in any advertising cooperative established in your region The members of the cooperative will determine the amount and frequency of contributions you must make to the cooperative If we form the cooperative, we will determine the amount and frequency of contributions you must make to the cooperative Any amounts you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to a cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally We will have the authority to create, change, merge or dissolve any advertising cooperative

Any Blo Blow Dry Bars owned and operated by us or our affiliates will participate in advertising cooperatives on the same basis as our franchisees, and will have the same voting rights as franchisees In no event will any one franchisee (or any group of commonly controlled franchisees) have more than 25% of the total vote on any cooperative matter

Grand Opening Advertising

One month prior to opening and during your first three months of operation, you must conduct a grand opening advertising campaign, including print or news media or direct mail advertising, or other solicitation and promotional efforts You must spend a minimum of $10,000 on your grand opening advertising campaign We will provide you with guidance for conducting Grand Opening Advertising, and we will review and approve the materials you use in your Grand Opening Advertising (Franchise Agreement – Section 11 1)

ADVISORY COUNCIL

We have formed an advisory council to work with us to improve various aspects of the System, including advertising campaigns, new products and services, and other matters Its members are made up of franchisees and our representatives The franchisee representatives may be chosen by us or elected by other franchisees The advisory council will act in an advisory capacity only and will not have decision making authority We will have the power to form, merge, change or dissolve any advisory council, in our discretion

WEBSITE / EXTRANET

Websites (as defined below) are considered as "advertising" under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above) As used in the Franchise Agreement, the term "Website" means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to your Franchised Business, the Marks, us, or the System The term Website includes Internet and World Wide Web home pages

In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of Marks, through the Internet without our prior written approval, which we do not have to provide As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website

We will have the right to establish a website or other electronic system providing private and secure communications (*e g* , an extranet) between us, our franchisees, and other persons and entities that we decide are appropriate If we require, you must establish and maintain access to the extranet in the manner we designate Additionally, we may periodically prepare agreements and policies concerning the use of the extranet that you must acknowledge and/or sign

You acknowledge that you are strictly prohibited from promoting your Franchised Business and/or using the Marks on any social or networking Website, such as Facebook, LinkedIn, Instagram and Twitter, without our prior written consent

COMPUTER/POINT-OF SALE SYSTEM

You must purchase an Apple Macintosh computer and use the Booker web-based salon management software program and the Mercury Point of Sale System You may purchase the computer from any authorized dealer Your computer system and the required software provide you with the following functions point of sale, appointment book, inventory management and staff reporting The estimated initial cost of the software is $500 contract sign up fee, and the estimated maintenance cost is $120 per month, payable monthly, quarterly or annually as required by the approved supplier We estimate that the computer hardware will initially cost $2,000 The cost to set up your Blo Blow Dry Bar email account is $85 per address

You must purchase ongoing technical support and maintenance for your computer equipment You must maintain, at all times during your Franchise Agreement, an on-site maintenance contract You must also have a high speed internet connection at all times for your computer system Neither we nor any affiliate of ours will provide you with any maintenance, updates or upgrades for your computer system or software

You must update or upgrade computer hardware and software as we deem necessary There are no contractual limitations on either our right to require you to obtain updates and/or upgrades, or the cost of any updates and/or upgrades You must use any proprietary software that we develop or which is developed for us We have the right to independently access all information you collect or compile at any time without first notifying you You must make sure that we have electronic access to your computer system at all times, at your expense (Franchise Agreement – Section 5)

SITE SELECTION

If you have a potential site for the Franchised Business, you may propose the location for our consideration If you do not have a proposed site, you must find one within your Exclusive Territory You will have 90 days after you sign the Franchise Agreement to provide us with the information we require to evaluate your proposed site We will notify you within 10 days after we receive all required information whether the site is approved If we do not provide our specific approval of the site, it is deemed not approved If we do not approve your site, we will provide you with an additional 180 days to find another location If you are still unable to secure an accepted site within the additional 180 days, we have the right to terminate the Franchise Agreement and keep the initial franchise fee We will furnish you with our general site selection criteria, but you must locate and obtain a site that meets our standards and criteria and that is acceptable to us (Franchise Agreement – Sections 2 3 and 5 1)

The general site selection and evaluation criteria which we consider in approving your site includes the condition of the premises, demographics and population density of the surrounding area, proximity to other Blo Blow Dry Bars, lease or purchase requirements, visibility, ease of access, available parking and overall suitability You may not relocate the Franchised Business without our consent

TYPICAL LENGTH OF TIME BEFORE OPENING

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of a Blo Blow Dry Bar is six to ten months, but you must open your Franchised Business and be operational not later than 12 months after signing the Franchise Agreement or we may terminate your Franchise Agreement Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures (Franchise Agreement – Section 5 3)

REMOTE TRAINING AND ON-SITE TRAINING

You will receive remote brand and operations training in the weeks prior to opening The training program covers the business and administrative aspects of the operation of a Blo Blow Dry Bar The total length of this training ranges from 10-12 weeks Training will be facilitated by a Franchise Operations Manager (FOM) and a member of our marketing team under the supervision of our Creative Director, and will take the form of weekly calls The final sessions will be conducted onsite prior to opening

Onsite Franchise Partner training is conducted at your location just prior to opening, is 4 days long and will cost approximately $2,100 to $2,900 depending on travel costs for the trainer including accommodations and meals

You and your manager must attend training and complete it to our satisfaction If you fail to complete our initial training program to our satisfaction, we have the right to terminate your Franchise Agreement and keep the initial franchise fee

Blo U is the onsite training program for your stylists and is conducted at your location prior to opening It is 6 days long and will cost $3,600 to $4,400 depending on travel It includes the trainer's salary, flight, accommodation and meals

If you require additional on-site assistance, you must pay our then-current per diem fee for each of our representatives and you must reimburse our representatives' expenses, including travel, accommodations and meals

The instructional materials we use in our initial training program include our Manual and any other information that we believe is beneficial to our franchisees and their employees in the initial training program Our initial training program consists of

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Week 1 11 weeks prior to opening • Review build with Head Office • Confirm location details with Marketing team at Head Office	1-2	0	Your location
Week 2 • Payroll system • Security system • Location build hoarding	1-2	0	Your location
Week 3 • State labor laws and regulations • State cosmetology regulations • Software setup o Telephone, Internet • Marketing / print collateral	1-2	0	Your location
Week 4 • Recruitment • Marketing and social media	1-2	0	Your location
Week 5 • Retail and vendor information • Recruitment (ongoing) • Marketing (ongoing)	1-2	0	Your location
Week 6 • Software setup o Computer • Salon management software • Recruitment (ongoing) • Marketing (ongoing)	1-2	0	Your location

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Week 7 5 weeks prior to opening • Salon management software training • Recruitment (ongoing) • Marketing (ongoing)	1-2	0	Your location
Week 8 • Recruitment (ongoing) • Marketing (ongoing) • Service offerings and pricing	1-2	0	Your location
Week 9 • Software setup o Voicemail, receipt printer, email • Book travel for corporate trainer(s) and Franchise Operations Manager	1-2	0	Your location
Week 10 • Software setup Sound system, Security system • BloU preparation	1-2	0	Your location
Week 11 FOM on-site for 5-7 days to prepare for opening week • Location setup • Opening day setup and oversight	0	40-56	Your location

Our initial training program is overseen by Paul Spindler We also reserve the right to periodically name additional trainers and/or to draw upon the experience of the staff members from our Affiliate's Blo Blow Dry Bars to assist in providing training There are no limits on our right to assign a substitute to provide training The minimum experience of Paul Spindler and the instructors in the field that is relevant to the subject taught and our operations is from 1 to 15 years

We may periodically require that previously trained and experienced franchisees, their managers, and/or employees attend refresher-training programs Attendance at these programs will be at your sole expense, which may include a reasonable fee for the training program (Franchise Agreement – Section 8 5) We may also conduct an annual meeting of our franchisees to discuss changes to the System, new offerings and refresher training If we choose to hold an annual meeting, attendance will be mandatory for you and your manager The current fee for the annual meeting is $250 for each person from your Franchised Business attending the meeting, and you must also pay all of the expenses your attendees

incur while at the annual meeting, including travel, lodging, meals, wages and benefits We reserve the right to increase the annual meeting fee, not to exceed $750, when we first notify you of the annual meeting dates

We may also provide additional training sessions to you and/or your employees at your Franchised Business You will pay our then-current per diem fee for each trainer we send to you, and you must reimburse our expenses for sending the trainer(s) to you

CONFIDENTIAL OPERATIONS MANUAL

The Table of Contents of the Manual, along with number of pages devoted to each section, is included as Exhibit F to this Disclosure Document The Manual includes approximately 40 pages total

ITEM 12
TERRITORY

FRANCHISE AGREEMENT

You must operate your Franchise at a location that we approve and you may not relocate without our written approval We will grant you an Exclusive Territory Your Exclusive Territory will be included in your Franchise Agreement and may be described in terms of specific boundaries (such as streets or town lines) or be depicted on a map The minimum size of the Exclusive Territory shall be 3 blocks surrounding the location for urban areas and one mile radius for suburban areas The size of your Exclusive Territory will be determined once your location is selected

If you are in full compliance with the Franchise Agreement during its term, we will not establish, or license others to establish, Blo Blow Dry Bars or competing businesses within your Exclusive Territory However, we retain the right to sell Blo Proprietary Products anywhere, including within your Exclusive Territory, such as through our Website and mail order, and you will not earn a portion of any of the revenue generated from our sales of these Proprietary Products, even if the Proprietary Products are delivered to a customer within your Exclusive Territory

Due to the nature of the hair care business, you may provide services and/or sell products to customers who live anywhere but who choose to use your Franchised Business Your Exclusive Territory is an area within which we will not grant another franchise or open a company-owned Blo Blow Dry Bar, and is the area in which you will concentrate your advertising activities This Exclusive Territory may change periodically as the market and demographics change If the Exclusive Territory should change, we, in our sole discretion, will use all reasonable efforts to protect all franchisees or potential franchisees that may be affected by this change

You may sell our Proprietary Products and related merchandise to retail customers and prospective retail customers who live anywhere but who choose to use your Franchised Business You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"), through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Exclusive Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed

media or reach of television and radio, are viewed by prospective customers outside of your Exclusive Territory You have no options, rights of first refusal, or similar rights to acquire additional franchises You may not sell our Proprietary Products to any business or other customer at wholesale

We and our affiliates may sell products under the Proprietary Marks within and outside your Exclusive Territory through any method of distribution other than a dedicated Blo Blow Dry Bar, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels") You may not use alternative distribution channels to make sales anywhere and you will not receive any compensation for our sales through alternative distribution channels

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark We describe earlier in this Item 12 what we may do anywhere and at any time

Except for the Blo Blow Dry Bars operated by us, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned units which sell our Proprietary Products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent

There are no minimum sales goals, market penetration or other criteria you must meet to maintain your rights to the Exclusive Territory

Rights We Retain Nevertheless, we retain the right, on behalf of ourselves or through affiliates, in our discretion, and without granting any rights to you, to

a) solicit prospective franchisees and grant franchises or other rights to operate Blo Blow Dry Bar Franchises through national or regional advertising, trade shows or conventions or through e-commerce or similar means,

b) grant franchises for Blo Blow Dry Bar Franchises and to own and operate Blo Blow Dry Bar Franchises ourselves or through affiliates at locations outside of your Exclusive Territory,

c) sell, solicit, recruit and provide services for any franchised business not defined as a Blo Blow Dry Bar Franchise,

d) sell and provide the services and Proprietary Products authorized for sale by Blo Blow Dry Bar Franchises under the Marks or other trade names, trademarks, service marks and commercial symbols through alternative distribution channels, as described above, and

e) solicit prospective franchisees for, and own and operate, businesses of any other kind or nature, anywhere, for locations outside of your Exclusive Territory

MULTI-UNIT DEVELOPMENT AGREEMENT

You may (if you qualify) develop and operate a number of Franchised Businesses within a specified area (the "Exclusive Area') We and you will agree on the Exclusive Area and it will be described in the Multi-Unit Development Agreement before signing it The Exclusive Area will be defined in terms of municipal or county boundaries but may be defined as a specified trade area within a municipality The actual size of the Exclusive Area will vary depending upon the availability of

contiguous markets, our long range development plans, your financial and operational resources, population, and market conditions In each case, the territory guidelines for single franchise locations will prevail for each location developed as per your Multi-Unit Development Agreement We and you will negotiate the number of Franchised Businesses you must develop to keep your development rights and the dates by which you must develop them We and you then will complete the schedule in the Multi-Unit Development Agreement before signing it Subject to your rights under Franchise Agreements then in effect, we may, after the Multi-Unit Development Agreement expires or is terminated, establish, or allow others to establish, Franchised Businesses within the Exclusive Area While the Multi-Unit Development Agreement is in effect, we (and our affiliates) will not establish, or allow other franchise owners to establish, Franchised Businesses to be located within the Exclusive Area There are no other restrictions on us You may not develop or operate Franchised Businesses outside the Exclusive Area We may terminate the Multi-Unit Development Agreement if you do not satisfy your development obligations when required

Except as described above, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Exclusive Area

To maintain your rights under the Multi-unit development agreement there must be open and in operation the cumulative number of Bars set forth on the Development Schedule by the dates set forth in the Development Schedule

ITEM 13
TRADEMARKS

We grant our franchisees the right to operate businesses under the name "Blo Blow Dry Bar," which is the principal Mark used to identify our System of operation You may also use any other current or future Mark to operate your Franchised Business that we designate in writing, including the logo on the front of this Disclosure Document and the trademarks listed below By "Marks" we mean the trade names, trademarks, service marks and logos used to identify Blo Blow Dry Bars We have registered the following marks on the Principal Register of the U S Patent and Trademark Office ("PTO")

Mark	Serial Number	Application Date	Registration Number	Registration Date
Blow Dry Bar (standard character mark)	77/865,048	November 4, 2009	4,071,124	December 13, 2011
Blo (and design) blō BLOW DRY BAR	77/040,010	November 8, 2006	3,738,531	January 19, 2010
Blo Blow Dry Bar (standard character mark)	85/263,727	March 10, 2011	4,159,959	June 19, 2012

Mark	Serial Number	Application Date	Registration Number	Registration Date
Blo Blow Dry Bar (logo)	86/806,325	November 2, 2015	4,996,639	July 12, 2016
You're Not Cheating on Your Hairdresser	85/311,379	May 3, 2011	4,053,171	November 8, 2011

We have filed all affidavits and intend to renew our registrations for the Marks when they become due

There are currently no effective material determinations of the PTO, trademark trial and appeal board, the trademark administrator of this state or any court, pending infringement, opposition or cancellation, or pending material litigation involving the Marks

To our knowledge, there are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in this state or any other state in which a Blo Blow Dry Bar may be located There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business You may only use the Marks in accordance with our standards, operating procedures and specifications Any unauthorized use of the Marks by you is a breach of your Agreement and an infringement of our rights in the Marks You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign your Agreement You may not assist any other person in contesting the validity or ownership of the Marks

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense We may take whatever action we deem appropriate in these situations, and we have exclusive control over any settlement or proceeding concerning any Mark You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks

We can require you to modify or discontinue the use of any Mark and to use other trademarks or service marks We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding We have the right to control

the defense and settlement of any proceeding Our reimbursement does not include your expenses for removing signage or discontinuing your use of any Mark Our reimbursement also does not apply to any disputes where we challenge your use of a Mark, or if your use of the Mark is not in compliance with your Franchise Agreement Our reimbursement does not apply to legal fees you incur in seeking separate, independent legal counsel

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate name in any modified form You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing You must obtain a fictitious or assumed name registration if required by your state or local law

You must notify us if you apply for your own trademark or service mark registrations You must not register or seek to register as a trademark or service mark, either with the PTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks

You may not establish, create or operate an Internet site or website using any domain name containing the words "Blo Blow Dry Bar" or any variation thereof without our prior written consent You may not use the Marks as part of any advertisement on the Internet without our permission

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents nor pending patents are material to the franchise We own copyrights in the Manual, marketing materials and other copyrightable items that are part of the System While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so

To our knowledge, there are currently no effective determinations of the U S Copyright Office or any court regarding the copyrighted materials Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use

We have developed certain Trade Secrets and other Confidential Information, including certain trade secrets, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Blo Blow Dry Bar We will provide our Trade Secrets and other Confidential Information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise You may only use the Trade Secrets and other Confidential Information for the purpose of operating your Franchised Business You may only divulge Trade Secrets and other Confidential Information to employees who must have access to it in order to operate the Franchised Business You must enforce the confidentiality provisions as to your employees

Certain individuals with access to Trade Secrets or other Confidential Information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form we specify

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that

we may choose to adopt and/or disclose to other franchisees Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System You must also assist us in obtaining intellectual property rights in any concept or development if requested

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

FRANCHISE AGREEMENT

The Franchised Business must always be under the direct full-time supervision of a designated manager who has completed our initial training program to our satisfaction and who has been approved by us While you may hire a manager to operate your Franchised Business, you must still be directly involved in the daily operation of your Franchised Business If you are a corporate entity, the principals of the entity must be actively involved in the daily operation of the Franchised Business You must keep us informed of the identity of your current designated manager Your designated manager does not need to have an ownership interest in you

As described in Item 14, your owners (and members of their immediate families and households), officers, directors, partners, members, managers, executives, employees and staff, and other individuals having access to Trade Secrets or other Confidential Information may be required to sign nondisclosure and non-competition agreements in a form we specify (Exhibit B to the Franchise Agreement) We will be a third-party beneficiary with the independent right to enforce the agreements

If you are a business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under your Agreement and agree to be personally liable for your breach of the Agreement by signing the Guaranty and Assumption of Obligations (Exhibit C to the Franchise Agreement)

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services and products we periodically specify, in strict accordance with our standards and specifications You may not sell any services or products that we have not authorized and you must discontinue offering any services, products or programs that we may, in our sole discretion, disapprove in writing at any time

We may periodically change required or authorized services, products or programs There are no limits on our right to do so If we modify the System, you may have to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications

On a case by case basis, we may allow you or other Blo Blow Dry Bar franchisees to offer certain additional services, products or programs that are not otherwise part of the System We will decide which franchisees can offer additional services based on test marketing, the franchisee's qualifications and operational history, differences in regional or local markets and other factors If we allow these deviations, we do not have to grant you a similar variance or other special accommodation

We may designate the minimum and/or maximum prices that you may charge, as permitted by applicable law There are no restrictions or conditions imposed by us that limit access to customers

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in the Franchise Agreement	Summary
a Length of the franchise term	Section 4 1	The initial term is ten years
b Renewal or extension of the term	Section 4 2	An additional term is ten years, subject to (c) below
c Requirements for franchisee to renew or extend	Section 4 1	You may renew the Franchise Agreement if you have substantially complied with the provisions of the Franchise Agreement, have the right to maintain possession of the Approved Location or an approved substitute location for the term of the renewal, have made capital expenditures as necessary to maintain uniformity with the System, have satisfied all monetary obligations owed to us, have paid a renewal fee, are not currently in default of any provision of the Franchise Agreement or any other agreement between you and us and have not been in default more than twice during the term of the Franchise Agreement, have given timely written notice of your intent to renew, sign a current Franchise Agreement, comply with current qualifications and training requirements, and sign a General Release You may be asked to sign a contract with materially different terms and conditions than your original contract, (the boundaries of your territory may change) and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d Termination by franchisee	Not applicable	You may terminate the Franchise Agreement under any grounds available to you by state or federal law including breach of contract and fraud
e Termination by franchisor without cause	Not applicable	
f Termination by franchisor with cause	Section 16 2	We may terminate the Franchise Agreement only if you default

	Provision	Section in the Franchise Agreement	Summary
g	"Cause" defined – curable defaults	Section 16 2	Curable defaults include failure to comply with mandatory specifications, failure to make payments when due, offering a product or service that we have not approved, and your failure to substantially comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing
h	"Cause" defined – non-curable defaults	Section 16 2	Non-curable defaults include if you fail to establish and equip the Franchised Business, fail to satisfactorily complete training, make a material misrepresentation or omission in the application for the franchise, are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business, use the manual, Trade Secrets of Confidential Information in an unauthorized manner, abandon the Franchised Business for five consecutive days, surrender or transfer of control for Franchised Business in an unauthorized manner, fail to maintain the Franchised Business under the supervision of a designated manager, understate any amounts due by 2% or more, are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors, misuse or make unauthorized use for the Marks, fail on two or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate, violate any health, safety or other laws or conduct the Franchised Business in a manner creating a health or safety hazard, fail to comply with any applicable law or regulation within 10 days of receiving notice of that failure, repeatedly breach the Franchise Agreement or fail to comply with our mandatory specifications, default under any other agreement between you and us

	Provision	Section in the Franchise Agreement	Summary
i	Franchisee's obligations on termination/non-renewal	Section 17.1	On termination or non-renewal of the Franchise Agreement, you must stop operating the Franchised Business, stop using any Trade Secrets, Confidential Information, the System and the Marks, if requested, assign your interest in the Approved Location to us, cancel or assign to us any assumed names, pay all sums owed to us including damages and costs incurred in enforcing the termination provisions of the Franchise Agreement, return the Manual, Trade Secrets and all other Confidential Information, assign your telephone and facsimile numbers to us, and comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement
j	Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement
k	"Transfer" by franchisee – defined	Section 18.2	"Transfer" includes transfer of ownership in the franchise, the Franchise Agreement, the Approved Location, the Franchised Business' assets or the franchisee entity
l	Franchisor approval of transfer by franchisee	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent

Provision	Section in the Franchise Agreement	Summary
m Conditions for franchisor approval of transfer	Section 18 2	We will consent to a transfer if the proposed transfer is a least one year after the effective date of the Franchise Agreement, we have not exercised our right of first refusal, all obligations owed to us are paid, you and the transferee have signed a General Release, the prospective transferee meets our business and financial standards, the transferee and all persons owning any interest in the transferee sign the existing or then-current Franchise Agreement, you provide us with a copy of all contracts and agreements related to the transfer, you or the transferee pay a transfer fee, the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement, you have agreed to guarantee performance by the transferee, if requested by us, the transferee has obtained all necessary consents and approvals of third parties, you or all of your equity owners have signed the Nondisclosure and Non-Competition Agreement, and the transferee has agreed that its designated manager will complete the initial training program before assuming management of the Franchised Business
n Franchisor's right of first refusal to acquire franchisee's business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell
o Franchisor's option to purchase franchisee's business	Section 17 5	Except as described in (n) above, we do not have the rights to purchase your Franchised Business, however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for book value
p Death or disability of franchisee	Section 18 6	If you (or one of your owners) die or become incapacitated, your representative must transfer, subject to the terms of the Franchise Agreement your interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement

Provision	Section in the Franchise Agreement	Summary
q Non-competition covenants during the term of the franchise	Section 7 3	You, your owners (and members of their families and household) and your officers, directors, executives managers or professional staff are prohibited from attempting to divert any business or customer of the Franchised Business to a Competitive Business or causing injury or prejudice to the Marks or the System, owning or working for a Competitive Business A Competitive Business is any business offering hair styling services
r Non-competition covenants after the franchise is terminated or expires	Section 17 2	For two years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives,managers or professional staff are prohibited from owning or working for a Competitive Business operation within 25 miles of the Exclusive Territory or within 25 miles of any other Franchised Business in the System, or soliciting or influencing any of our employees or business associates to compete with us or terminate their relationship with us
s Modification of the agreement	Section 9 2 and 22 6	The Franchise Agreement can be modified only by written agreement between you and us We may modify the Manual without your consent if the modification does not materially alter your fundamental rights
t Integration/merger clause	Section 22 6	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Section 23 6	Except for claims for injunctive relief, all disputes must be submitted to binding arbitration in Delaware
v Choice of forum	Section 23 6	Delaware (subject to state law)
w Choice of law	Section 23 1	Delaware (subject to state law)

THE MULTI-UNIT DEVELOPER RELATIONSHIP

	Provision	Article in the Multi-Unit Development Agreement	Summary
a	Length of the franchise term	Article I	Term of development schedule
b	Renewal or extension of the term	Article I	Not renewable, but you may negotiate a new agreement
c	Requirements for multi-unit developer to renew or extend	Not applicable	
d	Termination by multi-unit developer	Not applicable	You may seek to terminate your Multi-Unit Development Agreement on any ground permitted by state or federal law including breach of contract and fraud
e	Termination by franchisor without cause	Not applicable	
f	Termination by franchisor with cause	Article IV	We may terminate the Multi-Unit Development Agreement if you are in breach of the Agreement and do not cure the breach (if the breach is curable)
g	'Cause" defined – curable defaults	Article IV	You fail to comply with any provision of the Multi-Unit Development Agreement that is not considered incurable
h	"Cause" defined – non-curable defaults	Article IV	Unauthorized transfer, a general partnership interest is terminated for any reason (if you are a limited partnership), you or your owners make a material misrepresentation to us in obtaining the development rights, you or your owners are convicted of a felony or other crime that may adversely affect the goodwill associated with the Marks, you fail on three separate occasions in any 12 month period to comply with the agreement, we have delivered to you a notice of termination of any Franchise Agreement between you and us
i	Multi-unit developer's obligations on termination/non-renewal	Article V	Lose development rights
j	Assignment of contract by franchisor	Article VI	No restriction on our right to assign

	Provision	Article in the Multi-Unit Development Agreement	Summary
k	"Transfer" by –multi-unit developer – defined	Article VI	You may transfer with our approval
l	Franchisor approval of transfer by multi-unit developer	Article VI	We must approve
m	Conditions for franchisor approval of transfer	Article VI	We cannot unreasonably withhold consent, transfer fee paid, and we grant an assignment of your Multi-Unit Development Agreement to the buyer
n	Franchisor's right of first refusal to acquire multi-unit developer's business	Not applicable	
o	Franchisor's option to purchase multi-unit developer's business	Not applicable	
p	Death or disability of multi-unit developer	Article VI	Interest must be transferred to an approved party within six months
q	Non-competition covenants during the term of the franchise	Not applicable	
r	Non-competition covenants after the franchise is terminated or expires	Article V	No interest in a competing business for two years within 25 miles of any Franchised Business in the System
s	Modification of the agreement	Article VII	Must be in writing by both parties
t	Integration/merger clause	Article VII	Only the terms of the Multi-Unit Development Agreement are binding (subject to state law) Any representations or promises outside of the Disclosure Document and Multi-Unit Development Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Article VIII	Except for claims for injunctive relief, all disputes must be submitted to binding arbitration in Delaware
v	Choice of forum	Article VIII	Delaware (subject to state law)
w	Choice of law	Article VIII	Delaware (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not 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 March 31, 2017 there were 44 franchised units in the field who were open between April 1, 2016 and March 31, 2017, only 27 of which had been operating for more than 1 year The results provided below are for the period January 2016 to December 2016

Open	Average	Median	Low	High	# of Bars
1-2 years	$241 190	$261,670	$176 567	$324 616	5
2-3 years	$386,284	$305,659	$218,536	$844,856	9
3+ years	$413,365	$426,032	$179,586	$529,062	13

For the Bars open 1-2 years, 3 of the 5 (or 60%) met or exceeded the Median

For the Bars open 2-3 years, 4 of the 9 (or 44%) met or exceeded the Median

For the Bars open 3+ years, 8 of the 13 (or 62%) met or exceeded the Median

Notes

1 These Average Revenue figures represent revenue from service sales and the sale of retail items

Some outlets have sold this amount There is no assurance you will do as well If you rely upon our figures, you must accept the risk of not doing as well

The success of your franchise will depend largely upon your individual abilities and your marketplace, and the financial results of your franchise are likely to differ, possibly significantly, from the results of the above Franchised Businesses

Revenue reports are collected using our uniform reporting system software

Your results will vary and these variances may be material and adverse to the sales and expenses shown here You should use the above information only as a reference in conducting your own analysis We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Blo Blow Dry Bar Franchised Business

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

Other than the preceding financial performance representation, Blo Blow Dry Bar Inc does not make any financial performance representations We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Paul Spindler at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 and (416) 630-6280, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Outlet Summary
For Fiscal years ended March 31, 2015, 2016, 2017

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2015	20	27	+7
	2016	27	30	+3
	2017	30	43	+13
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	12	+12
Total Outlets	2015	20	27	+7
	2016	27	30	+3
	2017	30	44	+14

Table No 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal years ended March 31, 2015, 2016, 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2015	1
	2016	0
	2017	1
Connecticut	2015	0
	2016	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2017	1
Louisiana	2015	0
	2016	0
	2017	1
Massachusetts	2015	0
	2016	1
	2017	0
Total	2015	1
	2016	1
	2017	3

Table No 3
Status of Franchised Outlets
For Fiscal years ended March 31, 2015, 2016, 2017

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
AZ	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
CA	2015	6	1	2	0	0	0	5
	2016	5	1	0	0	0	0	6
	2017	6	1	0	0	0	0	7
CT	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
DE	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
DC	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	1	0	0
FL	2015	2	4	0	0	0	0	6
	2016	6	0	0	0	0	0	6

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2017	6	2	1	0	0	0	7
GA	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
IA	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
LA	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
	2017	1	0	0	0	0	0	1
MD	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
MA	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
MI	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
MO	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
NY	2015	3	1	0	0	0	0	4
	2016	4	1	0	0	0	0	5
	2017	5	1	0	0	0	0	6
NC	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
SC	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
TX	2015	2	1	0	0	0	0	3
	2016	3	3	0	0	0	0	6
	2017	6	5	0	0	0	0	11
Total	2015	20	9	2	0	0	0	27
	2016	27	5	0	0	0	2	30
	2017	30	15	1	0	1	0	43

Table No 4
Status of Company-Owned Outlets
For Fiscal years ended March 31, 2015, 2016, 2017

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
DC	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1
Total	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	1	0	0	1

Table No 5
Projected Openings as of March 31, 2017

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	0	0
California	0	2	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	1	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Georgia	0	0	0
Illinois	0	1	0
Michigan	1	0	0
Missouri	0	0	0
Nevada	1	0	0
New Jersey	1	0	0
New York	2	0	0
North Carolina	0	0	0
South Carolina	1	0	0
Texas	3	0	0
Total	9	4	0

A list of the names of all franchisees, multi-unit developers and the addresses and telephone numbers of their businesses is provided in Exhibit G to this Disclosure Document

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit H to this Disclosure Document when applicable **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Blo Blow Dry Bar System

There are no trademark-specific organizations formed by our franchisees that are associated with the Blo Blow Dry Bar System

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit C are our audited financial statements for the fiscal years ending March 31, 2015, March 31, 2016 and March 31, 2017

Our fiscal year end is March 31st

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document

Exhibit D	Franchise Agreement (with exhibits)
Exhibit E	Multi-Unit Development Agreement (with exhibits)
Exhibit I	General Release

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document Please return one signed copy to us and retain the other for your records

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process We may not yet be registered to sell franchises in any or all of these states

If a state is not listed, Blo Blow Dry Bar Inc has not appointed an agent for service of process in that state in connection with the requirements of franchise laws There may be states in addition to those listed above in which Blo Blow Dry Bar Inc has appointed an agent for service of process

There may also be additional agents appointed in some of the states listed

CALIFORNIA Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 Agent Commissioner of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 1 Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 373-7117 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P O Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, Minnesota 55101-2198 (651) 539-1600 (for service of process) Minnesota Commissioner of Commerce
NEW YORK (Administrator) Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 120 Broadway, 23rd Floor New York, New York 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax (Agent for service of process) Attention Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712

OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Securities Division Department of Business Regulation, Bldg 69, First Floor John O Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA Division of Securities Department of Labor & Regulation 124 S Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON (state administrator) Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501 (360) 902-8760 (for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501	**WISCONSIN** (state administrator) Division of Securities Department of Financial Institutions 201 W Washington Ave , 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Ave , 3rd Floor Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT
MULTI-STATE ADDENDUM

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO BLO BLOW DRY BAR INC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1 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 or Multi-Unit Development Agreement contain provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The franchise agreement requires binding arbitration The arbitration will occur in Delaware with the costs being borne by the franchisee and franchisor Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California Business and Professions Code Section 20040 5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act Section 20040 5 may still apply to any provision relating to judicial proceedings A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability

7 The Franchise Agreement and Area Development Agreement require application of the laws of Delaware This provision may not be enforceable under California law

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

9 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

10 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

11 The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

12 OUR WEBSITE, www blomedry com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

ADDENDUM TO THE BLO BLOW DRY DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

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

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

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

STATE ADDENDUM TO THE BLO BLOW DRY BAR, INC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT FOR THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Articles 22 and 23 of the Franchise Agreement and Articles VII and VIII of the Multi-Unit Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

DISCLOSURE 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 on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

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

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) 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 or subfranchisor

(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 any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM TO THE BLO BLOW DRY BAR INC DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

This addendum to the Disclosure Document effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows

1 Item 13 of the Disclosure Document and Article 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> ' In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other

commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document and Article 16 of the Franchise Agreement and Article IV of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which 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 non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

"Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the 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 "

4 Item 17 of the Disclosure Document and Article 4 of the Franchise Agreement and Article VIII of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

"Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 Article 23 of the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 Article 23 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Article 22 of the Franchise Agreement is hereby amended accordingly

ADDENDUM TO THE BLO BLOW DRY BAR INC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

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

2 The following is 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 Item 4

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its

debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership

4 The following is added to the end of Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion

5 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

6 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

7 The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement

8 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

ADDENDUM TO THE BLO BLOW DRY BAR INC
DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document and Article 4 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article 17 of the Franchise Agreement and Article IV of the Multi-Unit Development Agreement are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document, Article 23 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement which require jurisdiction of courts in the State of Delaware are deleted

6 Item 17(w) of the Disclosure Document, Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article 23 of the Franchise Agreement and Article VIII of the Multi-Unit Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article 23 of the Franchise Agreement and Article 8 of the Multi-Unit Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

ADDENDUM TO THE BLO BLOW DRY BAR INC DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of

another state is void with respect to a claim otherwise enforceable under this Act "

ADDENDUM TO THE BLO BLOW DRY BAR INC DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

1 In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Blo Blow Dry Bar Inc for use in the Commonwealth of Virginia shall be amended as follows

Additional Disclosure The following statements are added to Item 17 h

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 and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable

ADDENDUM TO THE BLO BLOW DRY BAR INC DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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 or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

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

In the State of Washington, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

FRANCHISEE

_____

_____
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE BLO BLOW DRY BAR INC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Blo Blow Dry Bar Inc 's Franchise Disclosure Document

1 The provision contained in Item 17 may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 17 of the Franchise Disclosure Document shall be amended to state that 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

3 The Franchisee Disclosure Acknowledgement Statement (Exhibit J to the Disclosure Document) is amended to state the acknowledgements or representations of the franchisee made in the Statement which disclaim the occurrence and/or acknowledgement of the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Item 17 of the Franchise Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 The General Release (Exhibit I to the Disclosure Document) is amended to provide that the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

7 **Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement Therefore, you will not be required to pay the initial fees due to us and/or our affiliates, including the franchise fee, development fee and costs of training, until we have completed all our pre-opening obligations to you and you begin operating your franchise business**

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

EXHIBIT D TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

BLO BLOW DRY BAR INC

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE

TABLE OF CONTENTS

ARTICLE 1 **1**

DEFINITIONS 1

ARTICLE 2 **4**

GRANT OF FRANCHISE, APPROVED LOCATION 4

2 1 Grant *4*

2 2 Approved Location *4*

2 3 Approved Location Not Determined *4*

2 4 Sub-franchising Agents *4*

2 5 Exclusive Territory *4*

2 6 Our Reserved Rights *4*

ARTICLE 3 **5**

FEES 5

3 1 Franchise Fee *5*

3 2 Royalty Fee *5*

3 3 Advertising Fund Contributions Brand Maintenance Fee *5*

3 4 Taxes *6*

3 5 Electronic Transfer of Funds *6*

3 6 Interest on Late Payments *6*

3 7 Application of Payments *6*

ARTICLE 4 **6**

TERM AND RENEWAL 6

4 1 Initial Term *6*

4 2 Renewal Term *6*

ARTICLE 5 **7**

APPROVED LOCATION 7

5 1 Selection of Site *7*

5 2 Lease of Approved Location *8*

5 3 Development of Approved Location *9*

5 4 Opening *9*

5 5 Use of Approved Location *10*

5 6 Relocation *10*

ARTICLE 6 **10**

PROPRIETARY MARKS 10

6 1 Ownership *10*

6 2 Limitations on Use *10*

6 3 Notification of Infringements and Claims *11*

6 4 Indemnification of Use of Marks *11*

6 5 Discontinuance of Use *11*

6 6 Right to Inspect *11*

6 7 Our Sole Right to Domain Name *12*

ARTICLE 7 **12**

TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION 12

7 1 Requirement of Confidentiality *12*
7 2 Additional Developments *12*
7 3 Exclusive Relationship *13*
7 4 Nondisclosure and Non-Competition Agreements with Certain Individuals *13*
7 5 Reasonableness of Restrictions *13*
7 6 Relief for Breaches of Confidentiality Non-Solicitation and Non-Competition *13*

ARTICLE 8 **14**

TRAINING AND ASSISTANCE 14
8 1 Training *14*
8 2 Opening Assistance and Media Launch *14*
8 3 Failure to Complete Initial Training Program *14*
8 4 New General Manager *14*
8 5 Ongoing Training *15*
8 6 Annual Meeting *15*
8 7 On-Site Assistance and Training *15*

ARTICLE 9 **15**

CONFIDENTIAL OPERATIONS MANUAL 15
9 1 Loan to You *15*
9 2 Revisions *15*
9 3 Confidentiality *15*
9 4 Replacement Manual *16*

ARTICLE 10 **16**

FRANCHISE SYSTEM 16
10 1 Uniformity *16*
10 2 Modification of the System *16*
10 3 Variance *16*

ARTICLE 11 **16**

ADVERTISING AND PROMOTIONAL ACTIVITIES 16
11 1 Grand Opening Advertising *16*
11 2 Local Advertising *16*
11 3 Advertising Fund *17*
11 4 Cooperative Advertising *18*
11 5 Website *18*
11 6 Telephone Directory Advertising *19*
11 7 Advisory Councils *19*
11 8 Brand Maintenance *19*

ARTICLE 12 **19**

ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS 19
12 1 Records *19*
12 2 Gross Sales Reports *19*
12 3 Financial Statements *19*
12 4 Other Reports *20*
12 5 Computer System *20*
12 6 Right to Inspect *20*
12 7 Release of Records *21*

ARTICLE 13 **21**

STANDARDS OF OPERATIONS 21
13 1 Authorized Products Services and Suppliers 21
13 2 Appearance and Condition of the Franchised Business 22
13 3 Redecoration Remodeling and Modernization of the Franchised Business 22
13 4 Ownership and Management 22
13 5 Days and Hours of Operation 23
13 6 Licenses and Permits 23
13 7 Notification of Proceedings 23
13 8 Compliance with Good Business Practices 23
13 9 Uniforms 24
13 10 Credit Cards Gift Cards 24
13 11 Best Efforts 24

ARTICLE 14 24

OUR ADDITIONAL OPERATIONS ASSISTANCE 24
14 1 General Advice and Guidance Pricing 24
14 2 Periodic Visits 24
14 3 System Improvements 25
14 4 Marketing and Promotional Materials 25

ARTICLE 15 25

INSURANCE 25
15 1 Types and Amounts of Coverage 25
15 2 Future Increases 25
15 3 Carrier Standards 26
15 4 Evidence of Coverage 26
15 5 Failure to Maintain Coverage 26

ARTICLE 16 26

DEFAULT AND TERMINATION 26
16 1 Termination by Us – No Opportunity to Cure 26
16 2 Termination by Us – Opportunity to Cure 28
16 3 Reinstatement and Extension 28
16 4 Our Right to Discontinue Services to You 28
16 5 Cross Defaults Non-Exclusive Remedies etc 28

ARTICLE 17 29

RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION 29
17 1 Actions to be Taken 29
17 2 Post-Termination Covenant Not to Compete 30
17 3 Relief for Breaches of Confidentiality Non-Solicitation and Non-Competition 30
17 4 Unfair Competition 30
17 5 De-Identification of Approved Location 31
17 6 Our Option to Purchase Certain Business Assets 31
17 7 Survival of Certain Provisions 31
17 8 Liquidated Damages 31

ARTICLE 18 32

TRANSFERABILITY OF INTEREST 32
18 1 Transfer by Us 32
18 2 Transfer by You to a Third Party 32

18 3 Transfer to a Controlled Entity 33
18 4 Our Disclosure to Transferee 34
18 5 For-Sale Advertising 35
18 6 Transfer by Death or Incapacity 35
18 7 Securities Offering 35

ARTICLE 19 **35**

RIGHT OF FIRST REFUSAL 35
19 1 Submission of Offer 35
19 2 Our Right to Purchase 35
19 3 Non-Exercise of Right of First Refusal 36

ARTICLE 20 **36**

YOUR BENEFICIAL OWNERS 36

ARTICLE 21 **36**

RELATIONSHIP AND INDEMNIFICATION 36
21 1 Relationship 36
21 2 Standard of Care 37
21 3 Indemnification 37
21 4 Right to Retain Counsel 37
21 5 Indemnification for Use of Marks 37

ARTICLE 22 **38**

GENERAL CONDITIONS AND PROVISIONS 38
22 1 No Waiver 38
22 2 Injunctive Relief 38
22 3 Notices 38
22 4 Guaranty and Assumption of Obligations 39
22 5 Approvals 39
22 6 Entire Agreement 39
22 7 Severability and Modification 39
22 8 Construction 39
22 9 Force Majeure 40
22 10 Timing 40
22 11 Withholding Payments 40
22 12 Further Assurances 40
22 13 Third-Party Beneficiaries 40
22 14 Multiple Originals 40
22 15 Compliance with Anti-Terrorism Laws 40

ARTICLE 23 **41**

DISPUTE RESOLUTION 41
23 1 Choice of Law 41
23 2 Cumulative Rights and Remedies 41
23 3 Limitations of Claims 41
23 4 Limitation of Damages 41
23 5 Waiver of Jury Trial 41
23 6 Arbitration 41

ARTICLE 24 **42**

ACKNOWLEDGMENTS 42
24 1 Receipt of the Disclosure Document/Disclaimer 42
24 2 Your Representations 42
24 3 Consultation by You 43
24 4 True and Accurate Information 43
24 5 Risk 43
24 6 No Guarantee of Success 43
24 7 No Violation of Other Agreements 43
24 8 Release of Prior Claims 43

ARTICLE 25 44

OPERATION IN THE EVENT OF ABSENCE OR DISABILITY, STEP-IN RIGHTS 44
25 1 Operation in the Event of Absence or Disability 44
25 2 Step-In Rights – Cause for Step-In 44
25 3 Step-In Rights – Duties of Parties 44

ARTICLE 26 44

SECURITY INTEREST 44
26 1 Collateral 44
26 2 Indebtedness Secured 45
26 3 Additional Documents 45
26 4 Possession of Collateral 45
26 5 Our Remedies in Event of Default 45
26 6 Special Filing as Financing Statement 45

EXHIBITS

Exhibit A Approved Location, Exclusive Territory
Exhibit B Confidentiality and Non-Competition Agreement
Exhibit C Guaranty and Assumption of Obligations
Exhibit D Principal Owner's Statement
Exhibit E Collateral Assignment and Assumption of Lease
Exhibit F Listing Assignment Agreement
Exhibit G Electronic Funds Transfer Agreement
Exhibit H State Specific Addendum
Exhibit I Franchisee Disclosure Acknowledgment Statement
Exhibit J SBA Addendum

BLO BLOW DRY BAR INC

FRANCHISE AGREEMENT

This Franchise Agreement, made this ____ day of _____, 20____, is by and between Blo Blow Dry Bar Inc , a Delaware corporation having its principal place of business at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 ("we", "us" or "our"), and _____, an individual/partnership/corporation/limited liability company established in the State of _____ and whose principal address is _____ ("you" or "your")

WITNESSETH

WHEREAS, we have developed, and are in the process of further developing, a System identified by the service mark ' Blo Blow Dry Bar" and relating to the establishment and operation of a full service blow dry business having a distinctive interior and exterior design and trade dress and offering for sale to the public hair styling and cleansing products and accessories (referred to in this Agreement as a "Franchised Business") The Franchised Business does not offer hair cutting, hair coloring or other similar services, and

WHEREAS, in addition to the service mark "Blo Blow Dry Bar" and certain other Marks, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for efficient business operations, procedures and strategies for marketing, advertising and promotion, customer service and development techniques, distinctive interior and exterior design, layout and decor, other strategies, techniques and Trade Secrets, and the Manual, and

WHEREAS, we grant to qualified persons and business entities the right to own and operate a single Franchised Business using the System and the Marks, and

WHEREAS, you desire to own and operate a Franchised Business, have applied for the Franchise and such application has been approved by us in reliance upon all of the representations made herein and therein, and

WHEREAS, you understand and acknowledge the importance of our high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with our System

NOW, THEREFORE, we and you, intending to be legally bound, agree as follows

ARTICLE 1
DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings

"Advertising Fund" has the meaning given to such term in Section 3 3,

"Advertising Fund Contribution" has the meaning given to such term in Section 3 3,

"Affiliate" means any business entity that controls, is controlled by, or is under common control with us,

"Agreement" means this agreement entitled "Blo Blow Dry Bar Inc Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof,

"Approved Location" means the site for the operation of the Franchised Business selected by you and approved in writing by us,

"Approved Supplier(s)" has the meaning given to such term in Section 13 1,

"Competitive Business" means any business that offers (or grants franchises or licenses to others to operate a business that offers) goods or services the same as or similar to those provided by Franchised Businesses or in which Trade Secrets and other Confidential Information could be used to the disadvantage of us, any Affiliate or our other franchisees, provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by you under a Franchise Agreement with us, or (b) any business operated by a publicly held entity in which you own less than a five percent (5%) legal or beneficial interest,

"Confidential Information" means technical and non-technical information used in or related to Franchised Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by us Confidential Information shall not include, however, any information that (a) is now or subsequently becomes generally available to the public through no fault of yours, (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement, (c) is independently developed without the use of any Confidential Information, or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information,

"Cooperative Advertising" means the combined advertising program of two (2) or more franchisees established within a common market that we may require for Franchised Businesses within a particular region,

"General Manager" means the person designated by you who has primary responsibility for managing the day-to-day affairs of the Franchised Business If you are an individual and not a business entity, the General Manager shall be you,

"Effective Date" means the date on which this Agreement is fully executed, thereby commencing its effectiveness and term,

"Electronic Depository Transfer Account" means an account established at a national banking institution approved by us and providing us with access to electronically withdraw any funds due us,

"Exclusive Territory" means the geographic area of territorial exclusivity granted to you under this Agreement as defined by Section 2 5,

"Franchise" means the right granted to you by us to use the System and the Marks,

"Franchise Fee" has the meaning given to such term in Section 3 1,

"Franchised Business" means the Blo Blow Dry Bar to be established and operated by you pursuant to this Agreement,

"Franchisor Indemnitees" has the meaning given to such term in Section 21 3,

"Grand Opening Advertising" has the meaning given to such term in Section 11 1,

"Gross Sales" means the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding all refunds made in good faith, any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid thereto, and the value of any allowance issued or granted to any client of the Franchised Business that is credited by you in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business,

"Gross Sales Reports" has the meaning given to such term in Section 12 2,

"Incapacity" means the absence of your principal for twenty (20) days or more Returns to work for less than four (4) consecutive days shall not toll the running of the above-mentioned twenty (20) day period,

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web,

"Local Advertising" has the meaning given to such term in Section 11 2,

"Manual" means the Blo Blow Dry Bar Inc Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by us or on our behalf,

"Marks" means the service mark "Blo Blow Dry Bar", "Body by Blo" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, copyrights, drawings and other commercial symbols as we may designate to be used in connection with Franchised Businesses,

"Millwork" means our proprietary equipment which includes the styling bar, reception desk and retail display units

"Royalty Fee" has the meaning given to such term in Section 3 2,

"System" means the uniform standards, methods, procedures and specifications developed by us and as may be added to, changed, modified, withdrawn or otherwise revised by us for the operation of Franchised Businesses, and

"Trade Secrets" means information in any form that is used in or related to Franchised Businesses and is not commonly known by or available to the public including, but not limited to, protocols and techniques, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential clients or suppliers and which information (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use, and (b) is the subject of efforts to maintain its secrecy that are reasonable under the circumstances

ARTICLE 2
GRANT OF FRANCHISE, APPROVED LOCATION

2 1 Grant

We hereby grant to you, and you undertake and accept, upon the terms and conditions herein contained, the right to establish and operate one (1) Franchised Business at the Approved Location using the System and Marks

2 2 Approved Location

The street address (or detailed description of the premises) of the Approved Location shall be identified on Exhibit A hereto after we have approved of such location pursuant to Section 5 1

2 3 Approved Location Not Determined

If the Approved Location of the Franchised Business is not determined as of the Effective Date, then we and you shall determine the geographic area in which the Franchised Business is to be located You shall follow our procedures in locating a suitable site for the Franchised Business, and when the Approved Location is determined, its address will be inserted into Exhibit A hereto The failure to insert such address shall not automatically affect the enforceability of this Agreement

2 4 Sub-franchising, Agents

You shall not sublicense the use of the System or Marks to any person or entity to perform any part of your rights or obligations granted hereunder, or grant any person or entity the right to act as your agent to perform any part of your rights or obligations hereunder and any attempt by you to do so shall be void and of no force and effect

2 5 Exclusive Territory

So long as this Agreement is in force and effect and you are not in default in any material respect under any of the terms hereof, we shall not establish, own or operate, or grant rights to, or license, any other person to establish, own or operate, any other Franchised Business or other substantially similar business anywhere within the geographic area designated by us for your Franchised Business ("Exclusive Territory") The Exclusive Territory will be identified on Exhibit A hereto and may be defined by streets, highways, natural, or political boundaries, and may be outlined on a map attached to Exhibit A This Exclusive Territory may change periodically as the market and demographics change If the Exclusive Territory should change, we, in our sole discretion, will use all reasonable efforts to protect all franchisees or potential franchisees that may be affected by this change

2 6 Our Reserved Rights

We retain the right, on behalf of ourselves or through affiliates, in our discretion, and without granting any rights to you, to

2 6 1 solicit prospective franchisees and grant franchises or other rights to operate Blo Blow Dry Bar Franchises through national or regional advertising, trade shows or conventions or through e-commerce or similar means,

2 6 2 grant franchises for Blo Blow Dry Bar Franchises and to own and operate Blo Blow Dry Bar Franchises ourselves or through affiliates at locations outside of your Exclusive Territory,

2 6 3 sell, solicit, recruit and provide services for any franchised business not defined as a Blo Blow Dry Bar Franchise,

2 6 4 sell and provide the services and Proprietary Products authorized for sale by Blo Blow Dry Bar Franchises under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (including telephone, mail order, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within and outside of the Exclusive Territory and according to the terms and conditions we consider appropriate, and

2 6 5 solicit prospective franchisees for, and own and operate, businesses of any other kind or nature, anywhere

ARTICLE 3
FEES

3 1 Franchise Fee

Upon execution of this Agreement, you shall pay a fee ("Franchise Fee") to us via certified check or wire transfer in immediately available funds in the amount of Thirty-Nine Thousand Dollars ($39,000) The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable The Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as set forth in this Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees

If this Agreement is being executed pursuant to a Multi-Unit Operator Agreement, then the Franchise Fee payable hereunder shall be as set forth in such Multi-Unit Operator Agreement

3 2 Royalty Fee

On the fifth (5th) day of each month, you shall pay to us without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee ("Royalty Fee") equal to six percent (6%) of Gross Sales for the previous calendar month Each Royalty Fee shall be accompanied by a Gross Sales Report, as required by Section 12 2, for the same period You shall provide the Gross Sales Report to us by facsimile transmission, e-mail or in such other form as we specify

If you do not report the Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty and Advertising Fund Contribution (described in Section 3 3 below) that we debited If the Royalty and Advertising Fund Contribution we debit are less than the Royalty and Advertising Fund Contribution you actually owe us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify If the Royalty and Advertising Fund Contribution we debit are greater than the Royalty and Advertising Fund Contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month

3 3 Advertising Fund Contributions, Brand Maintenance Fee

3 3 1 We have established the System-wide marketing, advertising and promotion fund ("Advertising Fund") You must contribute monthly to the Advertising Fund ("Advertising Fund Contribution") an amount equal to Two Hundred Dollars ($200) With thirty (30) days' prior written notice to you, we may increase the Advertising Fund Contribution to a maximum of two percent (2%) of Gross Sales Advertising Fund Contributions shall be payable at the same time and in the same manner as Royalty

Fees as provided in Section 3 2 When established, the Advertising Fund shall be maintained and administered by us or our designee in accordance with the provisions contained in Section 11 3

3 3 2 In addition to the Advertising Fund Contribution described above, you shall pay to us a monthly brand maintenance fee ("Brand Maintenance Fee") in the amount of One Hundred Fifty Dollars ($150) The Brand Maintenance Fee is payable to us at the same time and in the same manner as the Royalty Fee described above

3 4 Taxes

You shall pay to us an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable by you to us hereunder and on services or goods furnished to you by us at the same time as you remit such fees to us, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on us for doing business in the state where the Franchised Business is located or other federal, state or local taxes assessed against our income

3 5 Electronic Transfer of Funds

You shall pay all Royalty Fees, Advertising Fund Contributions, amounts due for purchases by you from us and/or our Affiliates and other amounts due to us by electronic funds transfer ("EFT") from your bank account, and you shall execute and deliver any and all documents necessary in order to effectuate EFT transactions, including, but not limited to, the agreement attached hereto as Exhibit G and any documents required by your bank You shall provide us with continuous access to such account for the purpose of receiving any payments due to us You shall ensure that the balance in the account is sufficient to cover amounts owed to us prior to the date such amounts are due Once established, you shall not close the account without our consent

3 6 Interest on Late Payments

All Royalty Fees, Advertising Fund Contributions, amounts due for purchases by you from us and/or our Affiliates and other amounts that are not received by us within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by us You shall pay us for all costs incurred by us in the collection of any unpaid and past due Royalty Fees, Advertising Fund Contributions or any other amounts due us, including reasonable accounting and legal fees

3 7 Application of Payments

Notwithstanding any designation by you, we have the right to apply any payments by you to any past due indebtedness of yours and accrued interest thereon for Royalty Fees, Advertising Fund Contributions, purchases from us and/or our Affiliates or any other amount owed to us

ARTICLE 4
TERM AND RENEWAL

4 1 Initial Term

This Agreement shall be effective and binding for an initial term of ten (10) years from the Effective Date, unless sooner terminated pursuant to Section 16

4 2 Renewal Term

Subject to the conditions below, you have the right to obtain a renewal franchise at the expiration of this Agreement by entering into a new franchise agreement with us The term for a successor franchise

is an additional ten (10) years To qualify for a renewal franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement

4 2 1 You have, during the entire term of this Agreement, substantially complied with all material provisions,

4 2 2 You have access to and, for the duration of the renewal franchise's term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by us, which is in full compliance with our then-current specifications and standards,

4 2 3 You have, at your expense, made such capital expenditures as were necessary to maintain uniformity with any System modifications required by us such that the Franchised Business reflects our then-current standards and specifications,

4 2 4 You have satisfied all monetary obligations owed by you to us (or any Affiliate), and have timely met these obligations throughout the term of this Agreement,

4 2 5 You are not currently in default in any material respect of any provision of this Agreement or any other agreement between you and us and have not been in default in any material respect more than twice during the initial term,

4 2 6 You have given written notice of your request for a renewal franchise not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement, provided that we have no obligation to grant you a renewal franchise without the timely receipt of such notice,

4 2 7 You have executed our then-current form of franchise agreement, or have executed renewal documents at our election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Fund Contribution, provided, however, that you shall not be required to pay the then-current Franchise Fee but shall be required to pay a renewal fee equal to twenty-five percent (25%) of our then-current Franchise Fee,

4 2 8 You have complied with our then-current qualifications for a new franchisee and have agreed to comply with any training requirements, and

4 2 9 You have executed a general release of any and all claims against us, any Affiliate and against our respective officers, directors, shareholders, managers, members, partners, owners and employees

ARTICLE 5
APPROVED LOCATION

5 1 Selection of Site

You shall, within ninety (90) days after the Effective Date, locate a proposed site for the Franchised Business and provide us with all of the information we require to evaluate the proposed site, including evidence of your favorable prospects for obtaining the site, such as a lease, purchase agreement or similar document We shall have thirty (30) days after we receive all of the information required in order to review the proposed site If we do not specifically approve the site within this thirty (30) day period, the site is deemed not approved If we approve of such selection, the site will be designated as the Approved Location

for purposes of Section 2 2 If we do not approve of such selection, you shall continue your search for a suitable site until we approve of such selection

We shall provide you with general guidelines to assist you in selecting a site suitable for the Approved Location We have the right to approve or disapprove a proposed location based on such factors as we deem appropriate, including the condition of the premises, demographics and population density of the surrounding area, proximity to other Franchised Businesses, lease requirements, visibility, ease of access, available parking and overall suitability You shall not locate the Franchised Business on a selected site without our prior written approval, which approval will not be unreasonably withheld or delayed *We do not represent that we any Affiliate or any of our owners or employees have special expertise in selecting sites Neither our assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location You are solely responsible for finding and selecting a site for the Franchised Business Our approval of a proposed site only indicates that the site meets our minimum requirements for a Blo Blow Dry Bar at the time of our evaluation*

5 2 Lease of Approved Location

After the approval of the Approved Location (and if the site is to be leased or purchased), you shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by us We shall not unreasonably withhold our approval *Our review of a lease or purchase agreement or any advice or recommendation offered by us shall not constitute a representation or guarantee that you will succeed at the Approved Location nor constitute an expression of our opinion regarding the terms of such lease or purchase agreement*

We shall be entitled to require that nothing contained in any lease or purchase agreement is contradictory to, or likely to interfere with, our rights or your duties under this Agreement You shall take all actions reasonably necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated We have the right to require that the lease for the Approved Location be collaterally assigned by you to us, pursuant to the terms of our standard collateral assignment of lease in the form attached hereto as Exhibit E, to secure performance by you of your obligation under this Agreement Our approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to us and, at our option, the lease shall contain such provisions as we may reasonably require, including

5 2 1 a provision reserving to us the right, at our election, to receive an assignment of the leasehold interest upon termination or expiration of the Franchise,

5 2 2 a provision expressly permitting the lessor of the premises to provide us all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as we may request,

5 2 3 a provision requiring the lessor to provide us with a copy of any written notice of deficiency sent by the lessor to you, and granting to us the right (but not the obligation) to cure any deficiency under the lease should you fail to do so within fifteen (15) days after the expiration of the period in which you may cure the default,

5 2 4 a provision allowing you to display the Marks in accordance with the specifications required by the Manual, subject only to the provisions of applicable law,

5 2 5 a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business,

5 2 6 a provision allowing us, upon expiration or termination of the lease, to enter the premises and remove any signs containing the Marks, and

5 2 7 a provision stating that upon default of this Agreement, we or our nominee have the right to take possession of the Approved Location and operate the Franchised Business

5 3 Development of Approved Location

In connection with the development of the Approved Location, you shall

5 3 1 engage a competent licensed architect and engineer to prepare, for our approval, final plans and specifications for improvement of the Approved Location based on the drawings provided to you by us Our review is only meant to assess that the build-out of your Franchised Business is in compliance with our System standards and any drawings and specifications provided to you by us, and our review will not address compliance with any applicable law, ordinance or building code,

5 3 2 obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications,

5 3 3 obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to us that all such permits and certifications have been obtained,

5 3 4 engage a qualified, licensed general contractor approved by us to complete construction of all required improvements to the Approved Location,

5 3 5 purchase any supplies or inventory necessary for the operation of the Franchised Business,

5 3 6 purchase and install all equipment, signs, furniture and fixtures, including any computer equipment, required for the operation of the Franchised Business, and

5 4 Opening

A Before opening the Franchised Business and commencing business, you shall

5 4 1 fulfill all of your obligations pursuant to the other provisions of this Section 5,

5 4 2 furnish us with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as we may request,

5 4 3 complete initial training to our satisfaction, and ensure that all other required persons have completed initial training to our satisfaction,

5 4 4 hire the personnel necessary or required for the operation of the Franchised Business,

5 4 5 obtain all necessary permits and licenses,

5 4 6 if you are a business entity, you have caused each of your stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to us that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement, and

5 4 7 pay in full all amounts due and owing to us

B You shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within twelve (12) months after the Effective Date, or we may terminate this Agreement Time is of the essence

5 5 Use of Approved Location

You shall not use the Approved Location for any purpose other than for the operation of a Franchised Business in full compliance with this Agreement and the Manual, unless approved in writing by us

5 6 Relocation

You shall not relocate the Franchised Business without our prior written consent If the lease for the Approved Location expires or terminates without your fault or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by us and you, we may allow you to relocate the Franchised Business Any such relocation shall be at your sole expense, and shall proceed in accordance with the requirements set forth in Sections 5 1 through 5 3 You shall reimburse us for any costs incurred by us in providing assistance to you, including legal and accounting fees Notwithstanding the foregoing, we have no obligation to provide relocation assistance If no relocation site meets with our approval, this Agreement shall terminate as provided in Section 16

ARTICLE 6
PROPRIETARY MARKS

6 1 Ownership

You acknowledge and understand that we are the owner or are the licensee of the owner of the Marks Your right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by you pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by us Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights in and to the Marks Your use of the Marks, and any goodwill created thereby, shall inure to our benefit You shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks This Agreement does not confer any goodwill, title or interest in the Marks to you You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks

6 2 Limitations on Use

You shall not use any Mark or portion of any Mark as part of any business entity name or trade name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, without our prior written consent You shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by us You shall give such notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law You shall not register or seek to register as a trademark

or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to you You shall include on your letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Franchise" You shall not claim any rights in or to any Mark or modification or variation thereof

6 3 Notification of Infringements and Claims

You shall promptly notify us of any infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks of which you have knowledge You shall not communicate with any person other than us and, through your counsel, our counsel in connection with any such infringement, challenge or claim, provided, however, you may communicate with your own counsel at your own expense We have the right to take any action in connection with any such infringement, challenge or claim and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks but we shall not be required to take such action You shall, at our expense, execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be reasonably necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks

6 4 Indemnification of Use of Marks

We shall reimburse you for all expenses reasonably incurred by you in any trademark or similar proceeding disputing your authorized use of any Mark, provided that you have timely notified us of such proceeding and have complied in all material respects with this Agreement and our directions in responding to such proceeding At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark This indemnification shall not include any expenses you incur related to of removing signage or discontinuance of the use of the Marks This indemnification shall not apply to litigation between us and you wherein your use of the Marks is disputed or challenged by us This indemnification shall not apply to any separate legal fees or costs incurred by you in seeking independent counsel separate from the counsel representing us and you in the event of litigation disputing our and your use of the Marks

6 5 Discontinuance of Use

If it becomes necessary for you to modify or discontinue use of any of the Marks, or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, you shall, at your sole cost and expense, comply with our directions within a reasonable time after notice to you by us We shall not reimburse you for your expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark

6 6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that you are properly employing the Marks in the operation of the Franchised Business, we and our designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which you render services and conduct activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that you are operating the Franchised Business in accordance with the quality control provisions and performance standards established by us We and our agents shall have the right, at any reasonable time, to remove sufficient

quantities of products, supplies or other inventory items offered for retail sale, or used in rendering services, to test whether such products or items meet our then-current standards We or our designee have the right to observe you and your employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) clients and employees and to photograph and videotape the premises

6 7 Our Sole Right to Domain Name

You shall not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing the Marks or the words "Blo Blow Dry Bar" or any variation thereof You shall not advertise on the Internet using the name ' Blo Blow Dry Bar" or any other Mark We are the sole owner of all right, title and interest in and to such domain names as we shall designate in the Manual

ARTICLE 7
TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7 1 Requirement of Confidentiality

You acknowledge that we will disclose Trade Secrets and other Confidential Information to you during the training program, through the Manual, and as a result of guidance furnished to you during the term of this Agreement You shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing your duties during the term of this Agreement You acknowledge that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition You acknowledge that the Trade Secrets and other Confidential Information are proprietary and are disclosed to you solely on the condition that you (and all holders of a legal or beneficial interest in you and all officers, directors, executives, managers and members of the professional staff of yours) (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity, (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement, (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form, and (d) shall adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information You shall enforce this Section as to your employees, agents and representatives and shall be liable to us for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them This Section shall survive the termination of this Agreement indefinitely

7 2 Additional Developments

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and works made-for-hire for us, and no compensation will be due to you or your owners or employees therefor We may incorporate such items into the System To the extent any item does not qualify as a "work made-for-hire" for us, you shall assign ownership of that item, and all related rights to that item, to us and shall sign any assignment or other document as we reasonably request to assist us in obtaining or preserving intellectual property rights in the item We shall disclose to you concepts and developments of other franchisees that are made part of the System As we may reasonably request and at our expense, you shall take all actions reasonably necessary to assist our efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by you or not

7 3 Exclusive Relationship

You acknowledge that we would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among franchisees if owners of Franchised Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business Therefore, during the term of this Agreement, neither you nor any holder of a legal or beneficial interest in you (or any member of their immediate families and households), nor any officer, director, executive, or manager of yours, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall

7 3 1 Divert or attempt to divert any business or client of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System,

7 3 2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located, or

7 3 3 solicit or otherwise attempt to induce or influence any employee or other business associate of ours or any other Franchised Business to compete against, or terminate or modify his, her or its employment or business relationship with, us or any other Franchised Business

7 4 Nondisclosure and Non-Competition Agreements with Certain Individuals

In addition to the restrictive covenants set forth in Section 7 3 above, we have the right to require you and any holder of a legal or beneficial interest in you, and any officer, director, executive, or manager of yours, to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached hereto as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with you Upon our request, you shall provide us with copies of all nondisclosure and non-competition agreements signed pursuant to this Section , Such agreements shall remain on file at your offices and are subject to audit or review as otherwise set forth herein We shall be a third party beneficiary with the right to enforce covenants contained in such agreements

7 5 Reasonableness of Restrictions

You acknowledge that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, we would not have entered into this Agreement You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of us, the Trade Secrets and other Confidential Information, the System and the Marks and you waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then you shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought

7 6 Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

You further acknowledge that an actual or threatened violation of the covenants contained in Article 7 of this Agreement will cause us immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law Accordingly, we shall be entitled, as a

matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by you of this Agreement, such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that we may have at law or in equity

ARTICLE 8
TRAINING AND ASSISTANCE

8 1 Training

You will receive remote brand and operations training in the weeks prior to opening The training program covers the business and administrative aspects of the operation of a Blo Blow Dry Bar including sales and marketing methods, financial controls, maintenance of quality standards, customer service techniques, record keeping and reporting procedures and other operational issue

Onsite Franchise Partner training is conducted at your location just prior to opening, is four (4) to seven (7) days long and will cost approximately Two Thousand One Hundred Dollars ($2,100) to Two Thousand Nine Hundred Dollars ($2,900) depending on travel, and including accommodations and meals If you fail to complete our initial training program to our satisfaction, we have the right to terminate your Franchise Agreement and refund the initial franchise fee, less our costs and expenses

Blo U is the onsite training program for your stylists and is conducted in bar prior to opening It is six days long and will cost Three Thousand Six Hundred Dollars ($3,600) to Four Thousand Four Hundred Dollars ($4,400) depending on travel It includes the trainer's salary, flight, accommodations and meals

If you require additional on-site assistance, you must pay our then-current per diem fee for each of our representatives and you must reimburse our representatives' expenses, including travel, accommodations and meals

8 2 Opening Assistance

In conjunction with the opening of the Franchised Business, we shall make available to you, for up four (4) days, one (1) of our representatives, experienced in the System, for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business You shall reimburse our costs for providing such representative, including travel, lodging and meals expenses If you request additional assistance with respect to the media launch, the opening or continued operation of the Franchised Business, and should we deem it necessary and appropriate to comply with such request, you shall pay our then-current standard rates, plus expenses, for such additional assistance

8 3 Failure to Complete Initial Training Program

If we determine that you or your manager are unable to satisfactorily complete the applicable training program described above, we shall have the right to terminate this Agreement and keep your Franchise Fee

8 4 New General Manager

If you are a business entity and, after beginning operations, you name a new General Manager, then the new General Manager must complete the initial training program to our satisfaction within thirty (30) days You shall pay our then-current training fee and shall pay for the trainee's expenses while attending training, including travel, lodging, meals, wages and benefits

8 5 Ongoing Training

From time to time during the term of this Agreement, we may, at our discretion, provide ongoing, remedial or refresher onsite training programs We may designate any such training programs as mandatory for you, your General Manager and/or other of your employees You shall be responsible for all costs associated with this training

8 6 Annual Meeting

We may, in our discretion, conduct an annual meeting of franchisees to discuss changes to the System, new offerings and refresher training If we choose to hold an annual meeting, attendance will be mandatory for you and your General Manager You must pay our then-current per person fee for each person from your Franchised Business attending the meeting, and you must also pay all of the expenses your attendees incur while at the annual meeting, including travel, lodging, meals, wages and benefits

8 7 On-Site Assistance and Training

At your reasonable request, we shall provide additional assistance and/or training at your Franchised Business You shall pay our then-current per diem rate for each trainer sent to the Franchised Business to provide training and, in addition, you shall reimburse our costs for providing such trainer(s), including travel, lodging and meals expenses

ARTICLE 9
CONFIDENTIAL OPERATIONS MANUAL

9 1 Loan to You

While this Agreement is in effect, we shall loan to you one (1) copy of the Manual or grant you access to an electronic copy of the Manual You shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual The Manual may consist of one (1) or more separate manuals and other materials as designated by us and may be in written or electronic form We own the copyrights in the Manual, you shall not copy or duplicate the Manual in whole or in part The Manual shall, at all times, remain our sole property and shall promptly be returned to us upon expiration or termination of this Agreement

9 2 Revisions

We have the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by us, provided, however, that no such addition or modification shall materially alter your fundamental status and rights under this Agreement We may make such additions or modifications without prior notice to you You shall immediately, upon notice, adopt any such changes and shall ensure that your copy of the Manual is up-to-date at all times If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by us at our headquarters shall be controlling

9 3 Confidentiality

The Manual contains our Trade Secrets and other Confidential Information and shall be kept confidential by you both during the term of the Franchise and subsequent to the expiration or termination of this Agreement You shall at all times ensure that your copy of the Manual is available at the Approved Location in a current and up-to-date manner If in paper form or stored on computer-readable media, you shall maintain the Manual in a locked receptacle at the Approved Location, or if in electronic form, you shall maintain the Manual in a password-protected file You shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle or the password to such file (or

Internet site, if the Manual is maintained on-line by us in a password-protected site) You shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner

9 4 Replacement Manual

In the event you misplace your Manual and/or require an additional Manual, or if your copy of the Manual is lost or destroyed, we shall supply such replacement or additional copy to you and you must reimburse our costs

ARTICLE 10
FRANCHISE SYSTEM

10 1 Uniformity

You shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to you by us

10 2 Modification of the System

We have the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or additional computer hardware, software, equipment, inventory, supplies or sales and marketing techniques You shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date You shall make expenditures for such changes, additions or modifications in the System that may be reasonably required Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13 2

10 3 Variance

We have the right to vary standards, materials or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition that we deem to be of importance to the successful operation of any particular Franchised Business We shall not be required to disclose or grant to you a like or similar variance hereunder

ARTICLE 11
ADVERTISING AND PROMOTIONAL ACTIVITIES

11 1 Grand Opening Advertising

You shall spend Ten Thousand Dollars ($10,000) one month prior to opening and during the first three (3) months of operation of the Franchised Business on local advertisement and promotion of the initial opening ("Grand Opening Advertising") Prior to their use, all materials to be used in Grand Opening Advertising must be approved by us through the process set forth in Section 11 2 Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures and Advertising Fund Contributions At our request you shall give the money for the Grand Opening Advertising to us and we shall conduct the Grand Opening Advertising on your behalf

11 2 Local Advertising

11 2 1 Every month, you shall spend at least one percent (1%) of the previous month's Gross Sales on advertising, promotions and public relations within the Exclusive Territory ("Local Advertising") Local Advertising expenditures shall be made directly by you to providers of advertising

services, provided, however, that any advertising you propose to use must first be approved by us Within thirty (30) days of a request from us, you shall provide us with evidence of your Local Advertising expenditures, including verification copies of the advertising and any other information that we may require

11 2 2 All advertising must be completely ethical and not misleading, must be conducted professionally and must conform to our standards Any advertising that has not been furnished by us or that we have not approved within the preceding twelve (12) months must be submitted to us for our review We will have fifteen (15) days after our receipt of the materials to advise you whether they are approved or not If we do not provide you with oral or written approval within this fifteen (15) days, the materials are deemed not approved Any advertising or promotional materials you provide to us for our review will become our property, and there will be no restriction on our use or dissemination of these materials We reserve the right to require you to include certain language in your advertising, including, but not limited to, "Franchises Available ', our Website address and our telephone number

11 2 3 You shall prominently display at the Franchised Business any franchise brochures that we provide, at our cost, including brochures related to the franchise opportunity offered by us

11 3 Advertising Fund

We have established the Advertising Fund, as defined in Section 3 3 The Advertising Fund shall be maintained and administered by us or our designee as follows

11 3 1 We shall oversee all marketing programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation thereof We do not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Advertising Fund The program(s) may be local, regional or System-wide

11 3 2 Your Advertising Fund Contributions may be used to meet the costs of, or reimburse us for our costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities, developing and/or hosting an Internet web page or site and similar activities, employing advertising agencies to assist therein, and providing promotional brochures and other marketing materials to franchisees) All Advertising Fund Contributions shall be maintained in a separate account from our monies and shall not be used to defray any of our general operating expenses, except for such reasonable costs and expenses, if any, that we may incur in activities reasonably related to the administration of the Advertising Fund

11 3 3 We shall endeavor to spend all Advertising Fund Contributions on marketing programs and promotions during our fiscal year within which such contributions are made If excess amounts remain in any Advertising Fund at the end of such fiscal year, then such amounts shall carry forward to the next fiscal year

11 3 4 Although we intend the Advertising Fund, if established, to be of perpetual duration, we have the right to terminate the Advertising Fund at any time The Advertising Fund shall not be terminated, however, until all Advertising Fund Contributions have been expended for advertising and promotional purposes or returned to you, other franchisees and company or Affiliate-owned units on a *pro rata* basis based on total Advertising Fund Contributions made in the aggregate by each contributor

11 3 5 Each Blo Blow Dry Bar operated by us or our Affiliates shall make Advertising Fund Contributions at the same rate as franchisees

11 3 6 An accounting of the operation of the Advertising Fund shall be prepared annually and shall be available to you upon request We retain the right to have the Advertising Fund audited, at the expense of the Advertising Fund, by an independent certified public accountant selected by us

11 3 7 You acknowledge that the Advertising Fund is not a trust and we assume no fiduciary duty in administering the Advertising Fund

11 4 Cooperative Advertising

We have the right, but not the obligation, to create a Cooperative Advertising program for the benefit of Franchised Businesses located within a particular region, or we may approve of such a Cooperative formed by franchisees within a particular region If a Cooperative is formed for an area that includes the Exclusive Territory, then you shall participate in and contribute to the Cooperative We will determine the amount and frequency of contributions that its members must make to the Cooperative, and how this money is spent Any amounts that you contribute to a Cooperative will count toward your Local Advertising requirement described in Section 11 2 above, however, if the amount you contribute to a Cooperative is less than the amount you are required to expend on Local Advertising, you must nevertheless spend the difference locally We will retain the authority to create, change, merge or dissolve any advertising cooperative

11 5 Website

11 5 1 We have established and maintain a Website, which may, without limitation, promote the Marks, Blo Blow Dry Bar Franchised Businesses and any or all of the products and services offered at Franchised Businesses, the franchising of Blo Blow Dry Bar Franchised Businesses, and/or the System We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage, we shall also have the right to discontinue operation of the Website

11 5 2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Franchised Business, with such web page(s) to be located within our Website You shall comply with our policies with respect to the creation, maintenance and content of any such web pages, and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page

11 5 3 You shall not establish a separate Website without our prior written approval (which we shall not be obligated to provide) If approved to establish a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website You specifically acknowledge and agree that any Website owned or maintained by you or for your benefit shall be deemed "advertising' under this Agreement, and will be subject to (among other things) our approval under this Article 11

11 5 4 We shall have the right to modify the provisions of this Section 11 5 relating to Websites as we shall solely determine is necessary or appropriate

11 5 5 You understand and agree that you are strictly prohibited from promoting the Franchised Business or using any of the Marks in any manner on any Website, including, but not limited to, social and networking Websites such as Facebook, LinkedIn, Instagram and Twitter, without our express written consent

11 5 6 You shall not use the Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements

11 6 Telephone Directory Advertising

You must list and advertise the telephone number(s) for the Franchised Business in the "white pages' telephone directory, and you may, if you choose, place Yellow Pages trademark listings and other business listings in the telephone directory (or directories) distributed in the Exclusive Territory and in such directory heading or category as specified by us If a joint listing is obtained, all Franchised Businesses listed together shall pay a *pro rata* share of the cost of the advertisements and listings Telephone directory advertising expenditures are in addition to, and not included in, your Local Advertising obligations

11 7 Advisory Councils

We have formed an advisory council to work with us to improve various aspects of the System, including advertising campaigns, new products and services, and other matters Its members are made up of franchisees and our representatives The franchisee representatives may be chosen by us or elected by other franchisees The advisory council will act in an advisory capacity only and will not have decision making authority We will have the power to form, merge, change or dissolve any advisory council, in our discretion

11 8 Brand Maintenance

As described in Section 3 3, you must pay to us a Brand Maintenance Fee The Brand Maintenance Fee covers social media, web, best practices coaching, corporate direction and collaboration around marketing initiatives, and location graphic design requirements

ARTICLE 12
ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS

12 1 Records

During the term of this Agreement, you shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by us in the Manual or otherwise in writing You shall notify us in writing when you have engaged the services of a bookkeeper You shall retain during the term of this Agreement, and for five (5) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by us or required by law

12 2 Gross Sales Reports

You shall maintain an accurate record of Gross Sales and shall deliver to us a statement of Gross Sales (' Gross Sales Report") for each month in a form that we approve or prescribe The Gross Sales Report for the preceding calendar month must be provided to us by the third (3rd) day of each month

12 3 Financial Statements

You shall supply to us on or before the fifteenth (15th) day of each month, in a form approved by us, a balance sheet as of the end of the last day of the preceding month and an income statement for the

preceding month and the fiscal year-to-date These financial statements must be accurate and shall commence from your first month of operation You shall, at your expense, submit to us within ninety (90) days after the end of each fiscal year an income statement for the fiscal year just ended and a balance sheet as of the last day of the fiscal year Such financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis If required by us, such financial statements shall be reviewed or audited by a certified public accountant You shall submit to us such other periodic reports in the manner and at the times specified in the Manual or otherwise in writing

12 4 Other Reports

You shall submit to us copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as we may reasonably request from time to time or as specified in the Manual We shall have the right to release financial and operational information relating to the Franchised Business to our lenders or prospective lenders You shall certify as true and correct all reports to be submitted pursuant to this Agreement

12 5 Computer System [if you mean credit cards, see 13 10]

You shall purchase, install and use a computer and point-of-sale system consisting of hardware and software in accordance with our specifications and shall upgrade such systems in accordance with our requirements We shall have full access at all times during the term of this Agreement to all of your computer and point-of-sale data and systems and all related information to permit us to verify your compliance with its obligations under this Agreement You shall install any communications equipment necessary to permit our full access, at your expense

You shall, at all times during the term of this Agreement, have maintenance contracts for your computer system and point-of-sale system as prescribed by us In addition, in our discretion, we may require you to update, upgrade and/or replace its computer system and point-of-sale system (including hardware and software components), and there are no contractual limitations on our right to require you to obtain such updates, upgrades and/or replacements, or the cost of such updates, upgrades and/or replacements

We may, from time-to-time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the computer system installed at the Franchised Business, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained All data pertaining to the Franchised Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business' customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your computer system) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you Copies and/or originals of such data must be provided to us upon our request We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement

12 6 Right to Inspect

We or our designee have the right, during normal business hours, to examine, copy and audit your books, records and tax returns If the audit or any other inspection should reveal that any payments to us have been underpaid, then you shall immediately pay to us the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) If the audit or any other inspection discloses an underpayment or understatement of at least two percent (2%) of the amount due for any period covered by the audit, or if

the audit is required due to your failure to provide required reports to us, you shall, in addition to any other payments required above, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees) The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or at law

12 7 Release of Records

At our request, you shall authorize and direct any third parties, including accounting professionals, to release to us all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to us on a monthly basis for the length of the unexpired term of this Agreement or until such time as we withdraw our request You shall execute all documents necessary to facilitate the release of records referenced herein to us

ARTICLE 13
STANDARDS OF OPERATIONS

13 1 Authorized Products, Services and Suppliers

You acknowledge that the reputation and goodwill of the System is based in large part on offering high quality products and services to your clients Accordingly, you shall provide or offer for use at the Franchised Business only those products, supplies, signs, equipment and other items and services that we from time to time approve (and that are not thereafter disapproved) and that comply with our specifications and quality standards If required by us, any such items or services shall be purchased only from Approved Suppliers that we designate or approve (which might include, or be limited to, us or an Affiliate) You shall not offer for sale, sell or provide through the Franchised Business or from the Approved Location any products or services that we have not approved

13 1 1 We shall provide you, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified items and services, and we may from time to time issue revisions to such list If we are or an Affiliate is an Approved Supplier, you shall execute a standard form purchase or supply agreement for the items to be supplied by us or any Affiliate, if we or the Affiliate require such agreement If you desire to use any services or products that we have not approved (for services and products that require supplier approval), you shall first send us sufficient information, specifications and/or samples for us to determine whether the service or product complies with our standards and specifications or whether the supplier meets our Approved Supplier criteria You shall bear all reasonable expenses incurred by us in connection with determining whether we shall approve an item, service or supplier We will decide within a reasonable time (usually ninety (90) days) after receiving the required information whether you may purchase or lease such items or services or from such supplier Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product, quality of products or services at competitive prices, production and delivery capability, and dependability and general reputation Nothing in this Section shall be construed to require us to approve any particular supplier, or to require us to make available to prospective suppliers, standards and specifications that we deem confidential

13 1 2 Notwithstanding anything contrary in this Agreement, we have the right to review from time to time our approval of any items or suppliers We may revoke our approval of any item, service or supplier at any time by notifying you or the supplier You shall, at your own expense, promptly cease

using, selling or providing any items or services disapproved by us and shall promptly cease purchasing from suppliers disapproved by us

13 1 3 We have the right to designate certain programs, products and services not otherwise authorized for general use as part of the System to be offered locally or regionally based upon such factors as we determine including, but not limited to, franchisee qualifications, test marketing and regional or local differences We have the right to give our consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System Such consent will be based upon the factors set forth in Section 10 3 and shall not create any rights in you to provide the same products or services

13 1 4 We have the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers You shall have no entitlement to or interest in any such benefits

13 2 Appearance and Condition of the Franchised Business

You shall maintain the Franchised Business and the Approved Location in ' like new" condition, subject to reasonable wear and tear, and shall repair or replace furnishings, equipment, fixtures and signage as necessary to comply with the health and safety standards and specifications of us and your lessor and any applicable laws or regulations The expense of such maintenance shall be borne by you and shall be in addition to any required System modifications, as described in Section 10 2

13 3 Redecoration, Remodeling and Modernization of the Franchised Business

In conjunction with the transfer or renewal of this Franchise or at our request, which request shall not occur more frequently than every five (5) years, you shall redecorate, remodel, refurbish and/or modernize your Franchised Business to meet our then-current image for Blo Blow Dry Bars The redecoration, remodeling, refurbishing and/or modernization described in this Section 13 3 shall be in addition to any regular maintenance and cleaning that you must perform

13 4 Ownership and Management

13 4 1 Unless you have appointed, with our approval, a General Manager for the Franchised Business, the Franchised Business shall, at all times, be under the direct supervision of an "Operating Principal " If you are an individual, then you shall be the Operating Principal If you are a corporate entity, then the Operating Principal shall have, at all times, a minimum ten percent (10%) ownership interest in you The Operating Principal shall have completed our initial training program to our satisfaction You shall keep us informed, in writing, at all times of the identity of your Operating Principal and General Manager You must not engage in any business or other activities that will conflict with your obligations under this Agreement

13 4 2 You shall notify us promptly if the Operating Principal or General Manager cannot continue to serve or no longer qualifies as an Operating Principal or a General Manager You will have thirty (30) days from the date of the notice (or from any date that we independently determine the Operating Principal or General Manager no longer meets our standards) to take corrective action During that thirty (30) day period, you shall provide for interim management of the Franchised Business in compliance with this Agreement

13 4 3 You shall designate and retain at all times during the term of this Agreement the number of bloers and other personnel as we require in the Manual or otherwise in writing

13 4 4 We reserve the right to require any of your employees to execute covenants of confidentiality and non-competition, as described herein

13 5 Days and Hours of Operation

You shall keep the Franchised Business open for business during normal business hours as specified in the Manual, subject to applicable law, as updated periodically via e-mail, facsimile, or other methods of communication

13 6 Licenses and Permits

You shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations You shall ensure that each of your employees has any certifications or licenses required by applicable law We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of the Franchised Business You shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business

13 7 Notification of Proceedings

You shall notify us in writing of the commencement of any action, suit or proceeding involving you or the Franchised Business, and of the issuance of any order, writ, injunction, award or decree that may affect the operation or financial condition of the Franchised Business not more than five (5) days after such commencement or issuance You shall deliver to us not more than five (5) days after your receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects your failure to meet and maintain the highest applicable rating or your noncompliance or less than full compliance with any applicable law, rule or regulation In addition, any and all consumer related complaints shall be answered by you within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in the complaint A copy of said answer shall be forwarded to us within three (3) days of the date that said answer is forwarded to the complainant Furthermore, in the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of tax or indebtedness in accordance with procedures of the taxing authority or applicable law, provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant of attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon

13 8 Compliance with Good Business Practices

You acknowledge that the quality of service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created hereby Therefore, you shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business You shall at all times endeavor to give prompt, courteous and efficient service to clients of the Franchised Business The Franchised Business shall in all dealings with its clients, vendors and the general public adhere to the highest standards of honesty, fair dealing and ethical conduct If we deem that you did not fairly handle a complaint, we have the right to intervene We have the right to terminate this Agreement for repeated violation of this Section You shall reimburse us for all costs reasonably incurred by us in handling complaints for the Franchised Business pursuant to this Section

13 9 Uniforms

You shall abide by any uniform requirements stated in the Manual Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets our specifications and quality standards for uniforms

13 10 Credit Cards, Gift Cards

You shall, at your expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard and such other credit card issuers as we may designate, from time to time, to enable the Franchised Business to accept such methods of payment from its clients We may require that you use a certain merchant processor which benefits all franchisees in the System

You shall sell or otherwise issue gift cards or certificates (together 'Gift Cards') that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manual or otherwise in writing You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Franchised Business You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Franchised Businesses and for making timely payment to us, other operators of Franchised Businesses, or a third-party service provider for Gift Cards issued from your Franchised Business that are honored by us or other Franchised Business operators

13 11 Best Efforts

You shall use your reasonable best efforts to promote and increase the sales and recognition of services offered through the Franchised Business You shall require all of your employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System

ARTICLE 14
OUR ADDITIONAL OPERATIONS ASSISTANCE

14 1 General Advice and Guidance, Pricing

We shall be available to render advice, discuss problems and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business

We may advise you in writing, from time to time, concerning the minimum and/or maximum prices which you should charge your customers for products and services provided or sold under the System Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate or optimize profits You are obligated to inform us of all prices charged for services and products sold by you and to inform us of any modifications of your prices

14 2 Periodic Visits

We or our designee shall make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business We or the designee who visits the Franchised Business may prepare, for the benefit of both us and you, written reports detailing any problems or concerns discovered during any such

visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business A copy of any such written report may be provided to you at cost You shall implement any required changes or improvements in a timely manner If a Secret Shopper is utilized, you will be invoiced each month for these visits

14 3 System Improvements

We shall communicate improvements in the System to you as such improvements may be developed or acquired by us and implemented as part of the System

14 4 Marketing and Promotional Materials

We may periodically provide formats for advertising and promotional materials including ad-slicks, brochures, fliers and other materials to you for you to produce and use in the operation of the Franchised Business

ARTICLE 15
INSURANCE

15 1 Types and Amounts of Coverage

At your sole expense, you shall procure, and maintain in full force and effect during the term of this Agreement, the types of insurance we require in the Manual or otherwise in writing All policies (except any workers' compensation insurance) shall expressly name us as an additional insured and all shall contain a waiver of all subrogation rights against us and our successors and assigns All insurance policies shall be obtained no later than thirty (30) days before the Franchised Business opens for business We may delay your opening until all required insurance coverages have been obtained

In addition to any other insurance that may be required by applicable law, or by the lender or lessor for the Approved Location premises, or as may be required by us in the future, you shall procure

15 1 1 commercial general liability with limits of not less than One Million Dollars ($1,000,000),

15 1 2 professional liability with limits of One Million Dollars ($1,000,000),

15 1 3 business interruption insurance,

15 1 4 contents coverage, including tenant's improvements value, at replacement cost,

15 1 5 sewer back-up insurance,

15 1 6 boiler insurance, and

15 1 7 workers' compensation, employer's liability and other insurance required by applicable state laws

15 2 Future Increases

We have the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances

15 3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which you operate and having at least an "A" Rating Classification as indicated in the latest issue of A M Best's Key Rating Guide

15 4 Evidence of Coverage

Your obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance that may be maintained by us, nor shall your performance of this obligation relieve you of liability under the indemnity provisions set forth in Section 21 3 You shall provide, annually, or more frequently if requested by us, certificates of insurance showing compliance with the foregoing requirements Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to us and shall reflect proof of payment of premiums

15 5 Failure to Maintain Coverage

Should you not procure and maintain insurance coverage as required by this Agreement, or if not produced by you upon our request, we have the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to you, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement, shall be payable by you immediately upon notice

ARTICLE 16
DEFAULT AND TERMINATION

16 1 Termination by Us – No Opportunity to Cure

We have the right to terminate this Agreement, without any opportunity to cure by you, if

16 1 1 You fail to establish and equip the Franchised Business pursuant to Section 5,

16 1 2 You fail to satisfactorily complete any training program pursuant to Section 8,

16 1 3 You made any material misrepresentation or omission in your application for the Franchise or otherwise in writing to us in the course of entering into this Agreement,

16 1 4 You, any of your owners or your General Manager is/are convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of us, you or the Franchised Business,

16 1 5 You disclose, duplicate or otherwise use in an unauthorized manner any portion of the Manual, the Trade Secrets or any other Confidential Information,

16 1 6 You abandon, fail or refuse to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by us), or, if first approved by us or otherwise permitted under Section 5 6, you fail to relocate the Franchised Business following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable in the time period set forth in Section 5 6,

16 1 7 You surrender or transfer control of the operation of the Franchised Business without our approval, make or attempt to make an unauthorized direct or indirect assignment of the

Franchise or an ownership interest in you, or fail or refuse to assign the Franchise or the interest in you of a deceased or incapacitated owner thereof as herein required,

16 1 8 You fail to maintain the Franchised Business under the primary supervision of a General Manager during the one hundred eighty (180) days following the death or incapacity of you or any holder of a legal or beneficial interest in you pursuant to Section 18 6,

16 1 9 You submit to us on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by two percent (2%) or more for any accounting period and you are unable to demonstrate that such understatements resulted from inadvertent error,

16 1 10 You, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall 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 and not opposed by you, if you are adjudicated a bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or 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 should be instituted by or against you, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed), if you are dissolved, if execution is levied against your business or property, if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days, or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable

16 1 11 You misuse or make any unauthorized use of any of the Marks or commit any other act that can reasonably be expected to impair the goodwill associated with any of the Marks,

16 1 12 You fail on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Advertising Fund Contribution, amounts due for purchases from us and/or any Affiliate, or other payment when due to us and/or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to you,

16 1 13 You, after receiving notice of violation, continue to violate any health or safety law, ordinance or regulation, or operate the Franchised Business in a manner that presents a health or safety hazard to clients, employees or the public after having received notice of such health or safety hazards from us or any governmental authority,

16 1 14 You fail to comply with any applicable law or regulation within ten (10) days after being given notice of non-compliance or fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation,

16 1 15 You repeatedly breach this Agreement or repeatedly fail to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured,

16 1 16 You default under any other agreement between us (or any Affiliate) and you, such that we or our Affiliate, as the case may be, have the right to terminate such agreement or such agreement automatically terminates, or

16 1 17 You engage in any activity exclusively reserved to us

16 2 Termination by Us – Opportunity to Cure

Except as otherwise provided in Section 16 1, we have the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default, provided, however, that you may avoid termination by curing such default or failure (or by providing proof acceptable to us that you have made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period

16 2 1 within five (5) days of receiving notice of your failure to pay any amounts due to us, or

16 2 2 within thirty (30) days of receiving notice of any other default by you under this Agreement or upon your failure to substantially comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing

16 3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, we may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement

16 4 Our Right to Discontinue Services to You

If we deliver to you a notice of termination pursuant to this Article 16, then in addition to our other remedies, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are or an Affiliate is an Approved Supplier to you, until such time as you correct the breach

16 5 Cross Defaults, Non-Exclusive Remedies, etc

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our Affiliates) and you (or any of your Affiliates) Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our Affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our Affiliates) may be regarded as a default under this Agreement Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our Affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our Affiliates) and you (or any of your Affiliates)

In each of the foregoing cases, we (and any of our Affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our Affiliates') obligations No right or remedy which we may have (including termination) is

exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available

ARTICLE 17
RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17 1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration of the Franchise, this Agreement and all rights granted hereunder to you shall terminate and you shall

17 1 1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours,

17 1 2 cease to use the Trade Secrets and other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items that display or are associated with the Marks,

17 1 3 upon demand by us, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as your lease) your interest in the lease then in effect for the Approved Location to us and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and we have the right to pay rent and other expenses directly to the party to whom such payment is ultimately due,

17 1 4 take such action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city or county authorities that contains the name "Blo Blow Dry Bar" or any other Marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement,

17 1 5 pay all sums owing to us and any Affiliate, which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, amounts owed for the purchase of products, and any other amounts due to us or any Affiliates,

17 1 6 pay to us all costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement,

17 1 7 immediately return to us the Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by us to you relating to the operation of the Franchised Business (all of which are acknowledged to be our property),

17 1 8 assign all telephone listings and numbers for the Franchised Business to us and shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to us or at our direction, and

17 1 9 comply with all other provisions of this Agreement applicable following termination or expiration

17 2 Post-Termination Covenant Not to Compete

You acknowledge that the restrictive covenants contained in this Section and in Article 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, (i) to protect our Trade Secrets and other Confidential Information, (ii) to induce us to grant a Franchise to you, and (iii) to protect us against our costs in training you and your officers, directors, executives, professional staff and General Managers

You waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then you shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought

Except as otherwise approved in writing by us, neither you, nor any holder of a legal or beneficial interest in you, nor any officer, director, executive, manager or member of the professional staff of yours, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity

17 2 1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location (or within the Exclusive Territory, if greater), or (b) within a twenty-five (25) mile radius of the location of any other Franchised Business in existence at the time of termination or expiration, or

17 2 2 solicit or otherwise attempt to induce or influence any employee or other business associate of ours to terminate or modify his, her or its business relationship with us or to compete against us

In furtherance of this Section, we have the right to require certain individuals to execute standard form nondisclosure or non-competition agreements the same as or similar to the standard form Confidentiality and Non-Competition Agreement attached as Exhibit B

17 3 Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

You acknowledge that an actual or threatened violation of the covenants contained in Article 7 of this Agreement will cause us immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law Accordingly, we shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by you of this Agreement, and such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that we may have at law or in equity

17 4 Unfair Competition

If you operate any other business, you shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute our or the owner's rights in the Marks You shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with us This Section is not intended as an approval of your right to operate other businesses and in no way is it intended to contradict Section 17 1 or 17 2

17 5 De-Identification of Approved Location

If we elect not to receive an assignment or sublease of the Approved Location, you shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between us or the System and any business subsequently operated by you or others at the Approved Location

You shall make such specific additional changes to the Approved Location as we may reasonably request for that purpose including, without limitation, removal of all our proprietary millwork, physical and structural features identifying or distinctive to the System If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you shall pay upon demand

17 6 Our Option to Purchase Certain Business Assets

We have the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory The purchase price shall be equal to the assets' book value, excluding any goodwill If we elect to exercise this option to purchase we have the right to set off all amounts due from you under this Agreement, if any, against the purchase price

17 7 Survival of Certain Provisions

All obligations of us and you that expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire

17 8 Liquidated Damages

Upon termination of this Agreement according to its terms and conditions, you agree to pay to us within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section

ARTICLE 18
TRANSFERABILITY OF INTEREST

18 1 Transfer by Us

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by us and such rights will inure to the benefit of any person or entity to whom transferred, provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee shall assume our obligations hereunder and we shall thereafter have no liability for the performance of any obligations contained in this Agreement subject to applicable state law and our right of first refusal pursuant to Article 19

18 2 Transfer by You to a Third Party

Your rights and duties as set forth in this Agreement, and the Franchise herein granted, are personal to you (or your owners), and we have entered into this Agreement in reliance upon your personal or collective skill and financial ability Accordingly, neither you nor any holder of a legal or beneficial interest in you may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in you without our prior written approval, provided that transfer by and between legal or beneficial owners shall be permissible and shall not require our consent Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement If you are in compliance with this Agreement, our consent to such transfer shall be conditioned upon the satisfaction of the following requirements

18 2 1 you have complied with the requirements set forth in Article 19,

18 2 2 all obligations owed to us, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied,

18 2 3 you (and any transferring owners, if you are a business entity) have executed a general release of any and all claims against us, including our officers, directors, shareholders, managers, members, partners, owners and employees, in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of your interest herein or to the transfer of your ownership of all or any part of the Franchise,

18 2 4 the prospective transferee has satisfied us that it meets our management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as we may require to demonstrate ability to conduct the Franchised Business and prospective transferee/assignee has satisfied our training requirements,

18 2 5 the transferee and, if we require, all persons owning any interest in the transferee, have, at our option, executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Advertising Fund Contribution rates and other material provisions, of this Agreement If a new franchise agreement is executed, we have the right to limit its term to the remaining term of this Agreement,

18 2 6 the transferee has executed a general release of any and all claims against us and our officers, directors, shareholders, managers, members, partners, owners and employees, in their

corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by you,

18 2 7 you have provided us with a complete copy of all contracts and agreements and related documentation between you and the prospective transferee relating to the intended sale or transfer of the Franchise,

18 2 8 you have paid to us, together with your request for approval of the transfer, a transfer fee equal to fifty percent (50%) of our then-current Franchise Fee,

18 2 9 unless a new Franchise Agreement is signed, the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term,

18 2 10 you have agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by us,

18 2 11 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied,

18 2 12 you have, and if you are an entity, all of the holders of a legal and beneficial interest in you have, executed and delivered to us a confidentiality and non-competition agreement in a form the same as or similar to the standard form Confidentiality and Non-Competition Agreement attached as Exhibit B,

18 2 13 the transferee agrees that its General Manager shall complete, to our reasonable satisfaction, a training program in substance similar to the initial training described in Section 8 1 prior to assuming the management of the day-to-day operation of the Franchised Business,

18 2 14 the transferee has, at our request remodeled, refurbished, redecorated and/or modernized the Franchised Business to meet our then-current image for all Franchised Businesses, and

18 2 15 the transferee, if required by us, has executed a Guaranty and Assumption of Obligations in the form attached to this Agreement as Exhibit C

Notwithstanding the foregoing, no transfer from a transferee to a third party shall be permitted during the first year of this Agreement

Our consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims we may have against the transferor or the transferee, nor shall it be deemed a waiver of our right to demand compliance with the terms of this Agreement

18 3 Transfer to a Controlled Entity

If you wish to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity ("Controlled Entity"), which Controlled Entity was formed for the convenience of your ownership of the Franchise, financial planning, tax or other convenience, our consent to such transfer shall be conditioned upon the satisfaction of the following requirements subject to applicable state law

18 3 1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business,

18 3 2 you or all holders of a legal or beneficial interest in you own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity,

18 3 3 all of your obligations to us or any Affiliate are fully paid and satisfied, provided, however, that neither you nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18 2,

18 3 4 the Controlled Entity has entered into a written agreement with us expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business If the consent of any other party to any such other agreement is required, you have obtained such written consent and provided the same to us prior to our consent,

18 3 5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with us jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to us and the performance by the Controlled Entity of all the obligations of this Agreement,

18 3 6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to us that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement,

18 3 7 copies of the Controlled Entity's articles of incorporation, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to us Any amendment to any such documents shall also be furnished to us immediately upon adoption, and

18 3 8 the Franchise may be transferred to a Controlled Entity without payment of a transfer fee one (1) time only

The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights

Our consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims we may have against the transferor or the transferee, nor shall it be deemed a waiver of our right to demand compliance with the terms of this Agreement

18 4 Our Disclosure to Transferee

We have the right, without liability of any kind or nature whatsoever to you, to make available for inspection by any intended transferee of yours all or any part of our records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto You hereby specifically consent to such disclosure by us and shall release and hold us harmless from and against any claim, loss or injury resulting from an inspection of our records relating to the Franchised Business by an intended transferee identified by you

18 5 For-Sale Advertising

You shall not, without our prior written consent, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder

18 6 Transfer by Death or Incapacity

Upon your death or incapacity (as determined by a court of competent jurisdiction), if you are an individual, or upon the death or incapacity of any holder of at least a twenty-five percent (25%) legal or beneficial interest in you, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in you to a third party approved by us, which may be one or more individuals who would succeed to such interest under will or under the laws of intestacy Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a General Manager who otherwise meets our management qualifications

18 7 Securities Offering

All materials required for a public offering by federal or state law shall be submitted to us for a limited review as discussed below prior to being filed with any governmental agency, and any materials (including any private placement memoranda) to be used in any exempt offering or private placement shall be submitted to us for such review prior to their use No offering (public or private) by you shall imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance or offering of securities of you or us, and our review of any offering materials shall be limited solely to the subject of the relationship between you and us We may, at our option require your offering materials to contain a written statement prescribed by us concerning the limitations described in the preceding sentence You, your Controlling Principals and the other participants in the offering must fully indemnify us, and our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in connection with the offering For each proposed public or private offering, you shall reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees

ARTICLE 19
RIGHT OF FIRST REFUSAL

19 1 Submission of Offer

If you, or any of your owners, propose to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in you or any ownership interest in the Franchise granted hereunder, you shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to us The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of you or any of your owners

19 2 Our Right to Purchase

We shall, for sixty (60) days from the date of delivery of all such documents, have the right, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to you We have the right to substitute cash for the fair market value of any form of payment proposed in such offer Our credit shall be deemed at least

equal to the credit of any proposed buyer After providing notice to you of our intent to exercise this right of first refusal, we shall have up to one hundred twenty (120) days to close the purchase We shall be entitled to receive from you all customary representations and warranties given by you as the seller of the assets or such ownership interest or, at our election, such representations and warranties contained in the proposal

19 3 Non-Exercise of Right of First Refusal

If we do not exercise this right of first refusal within sixty (60) days, the offer or proposal may be accepted by you or any of your owners, subject to our prior written approval as required by Section 18 2 Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to us, or if the terms of the offer change, our right of first refusal shall renew and be implemented in accordance with this Section

ARTICLE 20
YOUR BENEFICIAL OWNERS

You represent, and we enter into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D attached hereto are holders of a legal or beneficial interest in you

ARTICLE 21
RELATIONSHIP AND INDEMNIFICATION

21 1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make you an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of ours for any purpose whatsoever You may not represent or imply to third parties that you are an agent of ours, and you are in no way authorized to make any contract, agreement, warranty or representation on our behalf, or to create any obligation, express or implied, on our behalf During the term of this Agreement, and any extension or renewal hereof, you shall hold yourself out to the public only as a franchisee and an independent owner of the Franchised Business operating the Franchised Business pursuant to a franchise from us You shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which we have the right to specify Under no circumstances shall we be liable for any act, omission, contract, debt or any other obligation of yours We shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business Any third party contractors and vendors retained by you to convert or construct the premises are independent contractors of yours alone

No employee of yours shall be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment-related responsibility from you to us You alone shall be responsible for hiring, firing, training, setting hours for and supervising all employees

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason If we incur any cost, loss of damages as a result of any actions or omissions of you or your employees including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss

21 2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires you to obtain our written consent or permits you to take any action or refrain from taking any action, we are free to act in our own self-interest without any obligation to act reasonably, to consider the impact on you or to act subject to any other standard of care limiting our right, except as may be provided by statute or regulation

21 3 Indemnification

You shall hold harmless and indemnify us, any Affiliate, all holders of a legal or beneficial interest in us and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arises from or is based upon your (a) ownership or operation of the Franchised Business, (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule, (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between you and us (or an Affiliate), (d) defamation of us or the System, (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts, (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or Confidential Information, or (g) infringement, violation or alleged infringement or violation of any patent, trademark or copyright or other rights controlled by third parties

21 4 Right to Retain Counsel

We shall give you immediate notice of any action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee We have the right to retain counsel of our own choosing in connection with any such action, suit, demand, claim, investigation or proceeding In order to protect persons, property, our reputation or the goodwill of others, we have the right to, at any time without notice, take such remedial or corrective actions as we deem expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in our sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred You shall cooperate with us in our handling of any such action, suit, demand, claim, investigation or proceeding If our exercise of our rights under this Section causes any of your insurers to refuse to pay a third party claim, all causes of action and legal remedies you might have against such insurer shall automatically be assigned to us without the need for any further action on either party's part Under no circumstances shall we be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against you The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by us from you

21 5 Indemnification for Use of Marks

We agree to indemnify and hold you harmless for all damages and expenses you may incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided you have timely notified us of the proceeding and comply with our directions in responding to the proceeding At our option, we may defend and control the defense of any proceeding relating to any Mark, provided we may not settle any such dispute without your prior written consent unless, in connection with such settlement, you shall not be obligated to pay any amounts in settlement and you receive a general release of all claims

ARTICLE 22
GENERAL CONDITIONS AND PROVISIONS

22 1 No Waiver

No failure of ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement Waiver by us of any particular default by you shall not be binding unless in writing and executed by us and shall not affect nor impair our right with respect to any subsequent default of the same or of a different nature Subsequent acceptance by us of any payment(s) due shall not be deemed to be our waiver of any preceding breach by you of any terms, covenants or conditions of this Agreement

22 2 Injunctive Relief

As any breach by you of any of the restrictions contained in Articles 6, 7, 9 and 17 would result in irreparable injury to us, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, we shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated

22 3 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to Franchisor	Blo Blow Dry Bar Inc Attn Paul Spindler 1881 Yonge Street, Suite 710 Toronto, Ontario, Canada M4S 3C4 Facsimile (416) 630-6281
With a copy to	Harold L Kestenbaum, Esq Harold L Kestenbaum, PC 175 Broadhollow Road, Suite 175 Melville, New York 11747 Facsimile (516) 745-0293
Notices to Franchisee At the Approved Location	_____ _____ _____ Attention _____ Facsimile _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing

22 4 Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in you of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Exhibit C, through which such holders agree to assume and discharge all of your obligations under this Agreement and to be personally liable hereunder for all of the same In the event of any approved transfer of a five percent (5%) or greater ownership interest in you, then said transferee shall also be obligated to execute the Guaranty and Assumption of Obligations

22 5 Approvals

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor

22 6 Entire Agreement

This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and shall supersede all prior agreements, provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us No other representation, oral or otherwise has induced Franchisee to execute this Agreement, and there are no representations (other than those within the Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, that are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties

22 7 Severability and Modification

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties, and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement If we determine that a finding of invalidity adversely affects the basic consideration of this Agreement, we have the right to, at our option, terminate this Agreement

Notwithstanding the above, each of the covenants contained in Articles 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets and other Confidential Information or on competition to the maximum extent provided or permitted by law

22 8 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof

22 9 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except for your payment of monies to us and/or any Affiliate, neither party shall be liable nor responsible for any delays due to strikes, lockouts casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay This clause shall not result in an extension of the term of this Agreement

22 10 Timing

Time is of the essence, except as set forth in Section 22 9, failure to perform any act within the time required or permitted by this Agreement shall be a material breach

22 11 Withholding Payments

You shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to us or to an Affiliate You shall not withhold or offset any amounts, damages or other monies allegedly due to you against any amounts due to us No endorsement or statement on any payment for less than the full amount due to us will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and we have the right to accept and cash any such payment without prejudice to our right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law We have the right to apply any payments made by you against any of your past due indebtedness as we deem appropriate We shall set off sums we owe to you against any unpaid debts owed by you to us

22 12 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement

22 13 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us or you, and our respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement

22 14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original

22 15 Compliance with Anti-Terrorism Laws

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below) In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws shall constitute good cause for immediate termination of this Agreement

ARTICLE 23
DISPUTE RESOLUTION

23 1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U S Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without reference to its conflict of laws principles) The Federal Arbitration Act shall govern all matters subject to arbitration References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time References to a governmental agency also refer to any regulatory body that succeeds the function of such agency

23 2 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy Nothing contained herein shall bar our right to obtain injunctive relief against threatened conduct that may cause us loss or damages, including obtaining restraining orders and preliminary and permanent injunctions

23 3 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which you knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim

23 4 Limitation of Damages

Each party hereto waives, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees You waive and disclaim any right to consequential damages in any action or claim against us concerning this Agreement or any related agreement

23 5 Waiver of Jury Trial

YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM

23 6 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Delaware under the authority of Delaware Statutes The arbitrator(s) will have a minimum of five (5) years experience in franchising or distribution law and will have the right to award specific performance of this Agreement If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Delaware Statutes The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Delaware Statutes The decision of the arbitrator(s) will be final and binding on all parties This Section will survive termination or non-renewal

of this Agreement under any circumstances Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement

ARTICLE 24
ACKNOWLEDGMENTS

24 1 Receipt of the Disclosure Document/Disclaimer

YOU REPRESENT AND ACKNOWLEDGE THAT YOU HAVE RECEIVED, READ AND UNDERSTAND THIS AGREEMENT AND OUR DISCLOSURE DOCUMENT, AND THAT WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT YOU REPRESENT AND ACKNOWLEDGE THAT YOU HAVE RECEIVED, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES" YOU ACKNOWLEDGE THAT NEITHER WE NOR ANYONE ON OUR BEHALF HAS MADE ANY CLAIM, REPRESENTATION, WARRANTY, PROMISE OR GUARANTEE, WHETHER IN THIS AGREEMENT OR OTHERWISE, ORALLY OR IN WRITING, WITH RESPECT TO THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF ANY FRANCHISE

24 2 Your Representations

You represent and warrant to us the following, with the knowledge that we are materially relying upon the truth, accuracy and completeness of such representations and warranties in entering into this Agreement

24 2 1 All information contained in your application or in any document submitted in connection therewith by you or on your behalf is true, accurate and complete in all material respects including, without limitation, all information pertaining to the credit history, employment history, prior business experience, reputation and financial condition of you, your owners and operators

24 2 2 You are an entity duly organized, validly existing and in good standing under the laws of the state in which you were formed, are duly qualified to do business in the jurisdiction in which the Franchised Business is located, and have the requisite power and authority to execute and deliver this Agreement and to perform your obligations hereunder The execution and delivery of this Agreement and the other agreements to be executed and delivered by you pursuant hereto have been duly authorized by all necessary action on your part This Agreement has been duly executed and delivered by you and constitutes your valid and legally binding obligations enforceable against you in accordance with its terms

24 2 3 The execution, delivery and performance by you of this Agreement and the transactions contemplated hereby do not and will not conflict with or result in, with or without the giving of notice or lapse of time or both, any violation of or constitute a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination under (a) your organizational documents, (b) any mortgage, indenture, lease, contract or other agreement to which you are a party or by which you or any of your properties or assets are bound or subject, or (c) any law or order to which you are bound or subject

24 2 4 There are no judgments outstanding against you or any principal of yours or any operator of the Franchised Business, and there are no lawsuits, arbitrations or claims pending or, to your knowledge, threatened against any of the foregoing

24 3 Consultation by You

You represent that you have been urged to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business You represent that you have either consulted with such advisors or have deliberately declined to do so

24 4 True and Accurate Information

You represent that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all material respects, and you acknowledge that we are relying upon the truthfulness, completeness and accuracy of such information

24 5 Risk

You represent that you have conducted an independent investigation of the business contemplated by this Agreement and acknowledge that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, you're your business abilities and efforts We make no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby

24 6 No Guarantee of Success

You represent and acknowledge that you have not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business You represent and acknowledge that there have been no representations by our directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Disclosure Document or this Agreement

24 7 No Violation of Other Agreements

You represent that your execution of this Agreement will not violate any other agreement or commitment to which you are or any holder of a legal or beneficial interest in you is a party

24 8 Release of Prior Claims

By signing this Agreement, you individually, and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever release and discharge us and our officers, directors, employees, agents and servants, including our parent or subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement between the parties executed prior to the date of this Agreement including but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state, territory or commonwealth thereof

ARTICLE 25
OPERATION IN THE EVENT OF ABSENCE OR DISABILITY, STEP-IN RIGHTS

25 1 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties

25 2 Step-In Rights – Cause for Step-In

If we determine in our sole judgment that the operation of your Franchised Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Franchised Business for as long as we deem necessary and practical and without waiver of any other rights or remedies which we may have under this Agreement In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death, you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Franchised Business, or we determine that operational problems require that we operate your Franchised Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Franchised Business as a going concern

25 3 Step-In Rights – Duties of Parties

We shall keep in a separate account all monies generated by the operation of your Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination

ARTICLE 26
SECURITY INTEREST

26 1 Collateral

You grant to us a security interest ("Security Interest ') in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business All items in which a security interest is granted are referred to as the "Collateral"

26 2 Indebtedness Secured

The Security Interest is to secure payment of the following (the ' Indebtedness")

26 2 1 All amounts due under this Agreement or otherwise by you,

26 2 2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness,

26 2 3 All expenses, including reasonable attorneys fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement, and

26 2 4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments

26 3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us

26 4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral

26 5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Delaware (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found Any sale of the Collateral may be conducted by us in a commercially reasonable manner Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above

26 6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement

BLO BLOW DRY BAR INC

_____ By _____
Name _____
Title _____

FRANCHISEE _____
(type/print name)

_____ By _____
Name _____
Title _____

[or, if an individual]

_____ Signed _____
Name printed _____

EXHIBIT A TO THE FRANCHISE AGREEMENT
APPROVED LOCATION AND EXCLUSIVE TERRITORY

DATED _____, 20__
WITH

_____
(Name of Franchise Owner)

The Approved Location is _____

_____

The Exclusive Territory is _____

_____

FRANCHISOR	**FRANCHISEE**
BLO BLOW DRY BAR INC	_____
By _____	By _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

EXHIBIT B TO THE FRANCHISE AGREEMENT
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a _____ of _____, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that

1 Pursuant to a Franchise Agreement dated _____, 20___ (the "Franchise Agreement"), _____ (the "Franchisee"), has acquired the right and franchise from Blo Blow Dry Bar Inc (the 'Company") to establish and operate a Blo Blow Dry Bar Franchised Business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location _____ (the 'Approved Location")

2 The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information")

3 Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement

4 As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise 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 of the Franchise Agreement, 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 the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ 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 the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business other than a Blo Blow Dry Bar that (a) offers hair care products and services and similar items or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a service business described in the foregoing clause (a) (a "Competitive Business"), and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within

7 1 The Exclusive Territory, as defined in the Franchise Agreement (' Exclusive Territory '),

7 2 Twenty-five (25) miles of the Exclusive Territory, or

7 3 Twenty-five (25) miles of any Franchised Business operating under the System and the Proprietary Marks

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business This restriction does not apply to my ownership of less than five percent (5%) 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 Agreement If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement

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

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

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

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By _____

Name _____

Title _____

EXHIBIT C TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20____, by _____

_____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by Blo Blow Dry Bar Inc ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (' Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement Each of the undersigned shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement Each of the undersigned waives (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed, (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability, and (e) any and all other notices and legal or equitable defenses to which it may be entitled

Each of the undersigned consents and agrees that (a) its direct and immediate liability under this Guaranty shall be joint and several, (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so, (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person, and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE ____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE ____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE ____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE ____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE ____%

EXHIBIT D TO THE FRANCHISE AGREEMENT
PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee ("**I**," "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company) Franchisor is relying on the truth and accuracy of this form in awarding the Franchise to me

1 **Form of Owner** I am a (check one)

(a) General Partnership ☐
(b) Corporation ☐
(c) Limited Partnership ☐
(d) Limited Liability Company ☐
(e) Other ☐
Specify _____

I was formed under the laws of _____
(state)

2 **Business Entity** I was incorporated or formed on _____, ___, under the laws of the State of _____ I have not conducted business under any name other than my corporate, limited liability company or partnership name and _____ The following is a list of all persons who have management rights and powers (e g , officers, managers, partners, etc) and their positions are listed below

Name of Person	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3 **Owners** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest Attach additional sheets if necessary

Owner's Name and Address	**Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

4 **Governing Documents** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e g , articles of incorporation or organization, partnership or shareholder agreements, etc)

This Statement of Principal Owners is current and complete as of _____

OWNER
INDIVIDUALS

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
[Name]

By _____
Title _____

EXHIBIT E TO THE FRANCHISE AGREEMENT
CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made, entered into and effective as of the effective date of the Lease (as defined hereinbelow), by, between and among **BLO BLOW DRY BAR INC**, with its principal business address located at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 (the '**Franchisor**"), and _____ whose current principal place of business is _____ (the "**Franchisee**")

BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the '**Franchise Agreement**") dated as of _____, 20__ with the Franchisee, pursuant to which the Franchisee plans to own and operate a 'Blo Blow Dry Bar' Franchised Business (the "**Franchised Business**") located at _____ (the '**Site**") In addition, pursuant to that certain Lease Agreement (the "**Lease**"), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from _____ (the '**Lessor**") The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise

OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows

1 **Background Information** The background information is true and correct This Assignment will be interpreted by reference to, and construed in accordance with, the background information

2 **Incorporation of Terms** Terms not otherwise defined in this Assignment have the meanings as defined in the Lease

3 **Indemnification of Franchisor** The Franchisee agrees to indemnify and hold the Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease

4 **Conditional Assignment** The Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee's rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement In the event of a breach or default by the Franchisee under the terms of the Lease, or, in the event the Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's

option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein

5 **No Subordination** The Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void

6 **Exercise of Remedies** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion

a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys,

b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee,

c) to exclude the Franchisee, its agents or employees from the Site,

d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter,

e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same,

f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor,

g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof, and/or

h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease

7 **Power of Attorney** The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor

8 **Election of Remedies** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies

9 **Binding Agreements** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals

10 **Assignment to Control** This Assignment governs and controls over any conflicting provisions in the Lease

11 **Attorney's Fees, Etc** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party

12 **Severability** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written

THE "FRANCHISEE"

_____

By _____
Name _____
Title _____
Date _____

THE "FRANCHISOR"

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____
Date _____

The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

THE "LESSOR"

_____

By _____
Name _____
Title _____
Date _____

EXHIBIT F TO THE FRANCHISE AGREEMENT
LISTING ASSIGNMENT AGREEMENT

In accordance with the terms of the Blo Blow Dry Bar Franchise Agreement ('Franchise Agreement') between Blo Blow Dry Bar Inc ('we", "us" or "our") and _____ ("you" or 'your"), executed concurrently with this Agreement, under which we granted you the right to own and operate a franchised Blo Blow Dry Bar ('Franchised Business"), you, for value received, hereby assign to us all of your right, title and interest in and to those certain telephone numbers, facsimile numbers, regular, classified, or other telephone directory listings, URLs, domain names and e-mail addresses and accounts (collectively, the "Listings') associated with our trade and service marks and used from time to time in connection with the operation of the Franchised Business

This assignment is for collateral purposes only and, except as specified in this Agreement, we will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless we notify the telephone company, domain name registries and internet service providers and all listing agencies (collectively, the Listing Agencies") pursuant to the terms of this Agreement to effectuate the assignment

Upon termination or expiration of the Franchise Agreement (without renewal or extension), we will have the right and are hereby empowered to effectuate the assignment of the Listings, and, in such event, you will have no further right, title or interest in the Listings and will remain liable to the Listing Agencies for all past due fees owing to the Listing Agencies on or before the effective date of the assignment

You agree and acknowledge that as between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Listings, and you appoint us as your true and lawful attorney-in-fact to direct the Listing Agencies to assign the same to us, and execute such documents and take such actions as may be necessary to effectuate the assignment Upon such event, you will immediately notify the Listing Agencies to assign the Listings to us, you also agree not to utilize any call forwarding messages referring to another number If you fail to promptly direct the Listing Agencies to assign the Listings to us, we will direct the Listing Agencies to effectuate the assignment contemplated under this Agreement, to us

The parties agree that the Listing Agencies may accept written direction from us, or this Assignment, as conclusive proof of our exclusive rights in and to the Listings upon such termination or expiration

The parties further agree that if a Listing Agency requires that the parties execute the Listing Agency's assignment forms or other documentation at the time of expiration or termination, our execution of such forms or documentation will effectuate your consent and agreement to the assignment The parties agree that at any time after the date of this Agreement, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described in this Agreement upon termination or expiration of the Franchise Agreement

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below

FRANCHISOR
BLO BLOW DRY BAR INC

ATTEST

By _____
Name _____
Title _____

_____
Witness

FRANCHISEE

By _____
Name _____
Title _____

_____
Witness

EXHIBIT G TO THE FRANCHISE AGREEMENT
ELECTRONIC FUNDS TRANSFER AGREEMENT

AUTHORIZATION AGREEMENT FOR ELECTRONIC FUNDS TRANSFER

COMPANY NAME _____

COMPANY TAXPAYER ID NUMBER _____

I HEREBY AUTHORIZE **BLO BLOW DRY BAR INC** TO AUTOMATICALLY DEBIT THE FOLLOWING CHECKING ACCOUNT ON A MONTHLY BASIS FOR ROYALTIES AND ADVERTISING, AS WELL AS PURCHASES MADE FROM BLO BLOW DRY BAR INC OR ITS AFFILIATES, SO LONG AS MY FRANCHISE AGREEMENT IS IN EFFECT DEBITS FOR THIS AGREEMENT WILL BE FROM _____ (Date of Franchise Agreement) FORWARD

FINANCIAL INSTITUTION _____

BRANCH _____ CITY _____ STATE _____

TRANSIT/ABA NO _____ ACCOUNT #_____

ENCLOSED IS A VOIDED CHECK FROM THE ACCOUNT I DESIGNATE FOR DEBIT

DATED _____, 20__ _____
Signature

EXHIBIT H TO THE FRANCHISE AGREEMENT
STATE SPECIFIC ADDENDUM

EXHIBIT H TO THE FRANCHISE AGREEMENT

ADDENDUM TO BLO BLOW DRY BAR INC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

1 California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the Franchise Agreement and Multi-Unit Development Agreement contain provisions that are inconsistent with the law, the law will control

2 The Franchise Agreement and Multi-Unit Development Agreement provide for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement and Multi-Unit Development Agreement contain covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The franchise agreement requires binding arbitration The arbitration will occur in Delaware with the costs being borne by the franchisee and franchisor Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California Business and Professions Code Section 20040 5 relating to forum selection clauses restricting venue outside the state of California or arbitration may be preempted by the Federal Arbitration Act Section 20040 5 may still apply to any provision relating to judicial proceedings A binding arbitration provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability

7 The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of Delaware This provision may not be enforceable under California law

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

9 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

10 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

11 The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

12 OUR WEBSITE, www blomedry com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

ADDENDUM TO THE BLO BLOW DRY FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

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

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

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

STATE ADDENDUM TO THE BLO BLOW DRY BAR, INC DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT FOR THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Articles 22 and 23 of the Franchise Agreement and Articles VII and VIII of the Multi-Unit Development Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

ADDENDUM TO THE BLO BLOW DRY FRANCHISE AGREEMENT 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 on the right of a franchisee to join an association of franchisees

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

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

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) 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 or subfranchisor

(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 any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM TO THE BLO BLOW DRY BAR INC FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

This addendum to the Disclosure Document effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement as follows

1 Item 13 of the Disclosure Document and Article 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document and Article 16 of the Franchise Agreement and Article IV of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which 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 non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

> 'Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the 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 '

4 Item 17 of the Disclosure Document and Article 4 of the Franchise Agreement and Article VIII of the Multi-Unit Development Agreement are amended by the addition of the following language to the original language that appears therein

> "Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 Article 23 of the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 Article 23 of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Article 22 of the Franchise Agreement is hereby amended accordingly

ADDENDUM TO THE BLO BLOW DRY BAR INC
FRANCHISE AGREEMENT
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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

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

2 The following is 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 Item 4

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the bankruptcy code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership

4 The following is added to the end of Item 5

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion

5 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

6 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

7 The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor"

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement

8 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

ADDENDUM TO THE BLO BLOW DRY BAR INC FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document and Article 4 of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article 17 of the Franchise Agreement and Article IV of the Multi-Unit Development Agreement are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document, Article 23 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement which require jurisdiction of courts in the State of Delaware are deleted

6 Item 17(w) of the Disclosure Document, Article 23 of the Franchise Agreement and Article VII of the Multi-Unit Development Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article 23 of the Franchise Agreement and Article VIII of the Multi-Unit Development Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article 23 of the Franchise Agreement and Article 8 of the Multi-Unit Development Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

ADDENDUM TO THE BLO BLOW DRY BAR INC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

> ' A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

ADDENDUM TO THE BLO BLOW DRY BAR INC
FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement and Multi-Unit Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement and Multi-Unit Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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 or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

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

In the State of Washington, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

FRANCHISEE

_____

_____
Witness

EXHIBIT H TO THE FRANCHISE AGREEMENT

STATE ADDENDUM
REQUIRED BY THE STATE OF MARYLAND

The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 The appropriate sections of the Franchise Agreement shall be amended to state that 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

3 The Franchisee Disclosure Acknowledgement Statement (Exhibit I to the Franchise Agreement) is amended to state the acknowledgements or representations of the franchisee made in the Statement which disclaim the occurrence and/or acknowledgement of the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 Section 23 3 of the Franchise Agreement is amended to provide that the limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law

5 Article 23 of the Franchise Agreement is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 Article 24 of the Franchise Agreement is amended to provide that the acknowledgements or representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledgement of the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

7 **Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payment shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement**

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

EXHIBIT I TO THE FRANCHISE AGREEMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Blo Blow Dry Bar Inc (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a "Blo Blow Dry Bar" Business (the "Franchised Business") The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _____, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

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

_____
_____
_____
_____
_____
_____

8 Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None '

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _____, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By _____
Signature

Print Name_____

Title_____

EXHIBIT J TO THE FRANCHISE AGREEMENT
SBA ADDENDUM
RELATING TO
BLO BLOW DRY BAR INC
FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, ____, by Blo Blow Dry Bar Inc , a Delaware corporation having its principal place of business at 1881 Yonge Street, Suite 710, Toronto, Ontario M4S 3C4, Canada ('Franchisor'), and _____, located at _____ ("Franchisee")

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

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

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

2 Notwithstanding anything to the contrary in Section 14 1 of the Franchise Agreement, the Franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing (1) is at or below any maximum price cap programs established by Franchisor for its franchise system, or (2) is at or above any minimum price threshold programs established by Franchisor for its franchise system, or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by Franchisor for its franchise system

3 If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 17 6 of the Franchise Agreement and the parties are unable to as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser The decision of the majority of the appraisers so chosen shall be conclusive The cost of the third appraiser shall be shared equally by the parties

4 The following is added to the end of Section 19 1 of the Franchise Agreement
However, the Franchisor may not exercise a right of first refusal
(a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in the Franchisee or the Franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors), or

(b) If a proposed Transfer involves a Person other than an Owner/Guarantor and the proposed Transfer involves a noncontrolling ownership interest in the Franchisee or the Franchise, unless such noncontrolling interest (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program

The Franchisor's right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable

5 If Franchisor must operate the business under Section 25 1 and Section 25 2 of the Franchise Agreement, Franchisor will operate the business for a 90-day renewable term, renewable as necessary for up to one year and Franchisor will periodically discuss the status with Franchisee or its heirs

6 Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee which requires Franchisor's consent under Section 18 2 of the Franchise Agreement

7 Under Section 26 of the franchise agreement any SBA financed franchise will be granted a lien on the business assets of the franchisee as required in its loan authorization

8 Section 18 5 is hereby deleted

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

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

FRANCHISOR
BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

FRANCHISEE

_____

By _____
Name _____
Title _____

EXHIBIT E TO THE DISCLOSURE DOCUMENT
MULTI-UNIT DEVELOPMENT AGREEMENT

BLO BLOW DRY BAR INC

MULTI-UNIT DEVELOPMENT AGREEMENT

_____

MULTI-UNIT DEVELOPER

_____

DATE

TABLE OF CONTENTS

ARTICLE I	**2**
DEVELOPMENT RIGHTS AND OBLIGATIONS	2
ARTICLE II	**2**
GRANT OF FRANCHISES TO YOU	2
ARTICLE III	**3**
MULTI-UNIT DEVELOPER FEE	3
ARTICLE IV	**3**
TERMINATION BY US	3
ARTICLE V	**4**
EFFECT OF TERMINATION AND EXPIRATION	4
ARTICLE VI	**4**
ASSIGNMENT	4
ARTICLE VII	**5**
ENFORCEMENT	5
ARTICLE VIII	**7**
DISPUTE RESOLUTION	7
ARTICLE IX	**8**
INDEPENDENT CONTRACTORS, INDEMNIFICATION	8
ARTICLE X	**9**
NOTICES AND PAYMENTS	9

EXHIBITS

A – Exclusive Area
B – Multi-Unit Developer Fee and Development Schedule
C – State Addendum

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 20__ by and between Blo Blow Dry Bar Inc , a Delaware corporation, with its principal office at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 (' we", "us" or 'our") and _____, whose principal address is _____ ("you ' or "your")

WITNESSETH

WHEREAS, we have developed, and are in the process of further developing, a System identified by the service mark "Blo Blow Dry Bar ' (the "Mark" or "Proprietary Mark") and relating to the establishment and operation of a full service blow dry business having a distinctive interior and exterior design and trade dress and offering for sale to the public hair styling and cleansing products and accessories (referred to in this Agreement as a "Bar" or ' Franchised Business"), and

WHEREAS, in addition to the service mark ' Blo Blow Dry Bar ' and certain other Proprietary Marks, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for efficient business operations, procedures and strategies for marketing, advertising and promotion, customer service and development techniques, distinctive interior and exterior design, layout and decor, other strategies, techniques and trade secrets, and the Manual, and

WHEREAS, you wish to obtain the rights and license from us for the use of our System and Proprietary Marks and, in association therewith, to own and operate multiple Bars in the area described in Schedule ' A ' attached hereto (hereinafter referred to as the "Exclusive Area") and you understand and accept the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain our high and uniform standards of quality and service in order to protect the goodwill and enhance the public image of the System and the Proprietary Marks, and

WHEREAS, we have the sole and exclusive right to the goodwill associated with the System and the Proprietary Marks and are willing to grant the use and license to you on the terms and conditions herein contained to use the System and the Proprietary Marks, and

WHEREAS, you acknowledge that you have read this Agreement and our Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Bars in order to protect and preserve the goodwill of the Marks, and

WHEREAS, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement You acknowledge that you have not received or relied on any representations, written or oral, about the franchise by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Disclosure Document or to the terms herein, and further represent to us, as an inducement to our entry into this Agreement, that you have made no misrepresentations, written or oral, to us in the application for the multi-unit development rights granted hereunder

ARTICLE I
DEVELOPMENT RIGHTS AND OBLIGATIONS

1 1 Subject to the provisions contained herein, this Agreement shall be for a term commencing on the date hereof and expiring on the last day of the last development period as defined in Exhibit B, attached hereto and incorporated herein by reference ("Development Period")

1 2 We retain the right, in our sole discretion and without granting any rights to you (a) to own and operate, or to grant other persons the right to own and operate, Bars at such locations outside the Exclusive Area, and on such terms and conditions as we deem appropriate in our sole discretion, and (b) to sell anywhere the products authorized for Bars under the Proprietary Marks or other trademarks, service marks and commercial symbols through dissimilar channels of distribution and pursuant to such terms and conditions as we deem appropriate

1 3 Provided you (i) are in full compliance with the terms and conditions contained in this Agreement, including, without limitation, the development obligations contained in Section 1 4, and (ii) are in full compliance with all obligations under all Franchise Agreements heretofore or hereafter entered into with us, then during the Development Periods, we (1) will grant to you, in accordance with the provisions of Article II hereof, franchises for the ownership and operation of Bars located within the Exclusive Area, and (2) will not operate (directly or through an affiliate), nor grant a franchise for the operation of, any Bar to be located within the Exclusive Area, except such franchises as are granted to you

1 4 You agree, during the term of this Agreement, that you will at all times faithfully, honestly and diligently perform your obligations hereunder and that you will continuously exert your best efforts to promote and enhance the development of Bars within the Exclusive Area Without limiting the foregoing obligation, you agree to have signed leases within the Exclusive Area for the cumulative number of Bars at the end of each Development Period set forth in Section 2 of Exhibit B hereof ("Minimum Development Quota") and to have each such Bar open and operating in accordance with the timeframe set forth in the Franchise Agreement You further agree that no Bar may be opened for business unless and until a Franchise Agreement for such Bar has been fully executed If you fail at any time to meet any Minimum Development Quota, we shall have the right to terminate this Agreement by delivering a notice to you stating that we elect to terminate this Agreement as a result of such failure Such termination shall be effective upon delivery of such notice of termination Our right to terminate this Agreement shall be our sole and exclusive remedy for your failure to meet a Minimum Development Quota

1 5 You acknowledge and understand that this Agreement does not confer upon you any right to use the System or the Proprietary Marks, which right may only be granted pursuant to a Franchise Agreement with us

ARTICLE II
GRANT OF FRANCHISES TO YOU

2 1 Subject to the provisions of Article I hereof, we agree to grant franchises to you for the operation of Bars located within the Exclusive Area, subject to the following You shall submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require) for each site at which you propose to establish and operate a Bar and which you reasonably believe to conform to site selection criteria established by us from time to time

Such proposed site shall be subject to our prior written approval, which will not be unreasonably withheld In approving or disapproving any proposed site, we will consider such matters as we deem material, including, without limitation, demographic characteristics of the proposed site, traffic patterns, density of population, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of premises, appearance, and other physical characteristics

2 2 By delivery of written notice to you, we will approve or disapprove sites proposed by you for the operation of a Bar We agree to exert our best efforts to deliver such notification to you within thirty (30) days of receipt by us of the complete site reports and other materials requested by us, containing all information reasonably required by us If you shall have failed to obtain lawful possession of any approved site (through acquisition, lease, or sublease) within thirty (30) days after delivery of our approval thereof, we may, in our sole discretion, withdraw approval of such site

2 3 Provided you shall have obtained lawful possession of any approved site, we shall offer to you a franchise to operate a Bar at such approved site by delivering to you a Franchise Agreement in form for execution by you Such Franchise Agreement shall be executed by an officer of you and returned to us within fifteen (15) days of our delivery thereof, with payment of the balance of the initial franchise fee required thereunder If you fail to execute such Franchise Agreement and tender payment of the balance of the initial franchise fee as above provided, we may, at our sole discretion, terminate our offer to grant to you a franchise to operate a Bar at such approved site and withdraw our approval of such site

ARTICLE III
MULTI-UNIT DEVELOPER FEE

Concurrently with the execution of this Agreement, unless otherwise indicated on Exhibit B hereof, you shall pay to us the sum set forth in Section 1 of Exhibit B hereof as a non-refundable Multi-Unit Developer Fee, which shall be deemed fully earned by us upon execution of this Agreement

ARTICLE IV
TERMINATION BY US

In addition to our right to terminate under Section 1 4 hereof, we shall have the right to terminate this Agreement by delivering a notice to you stating that we elect to terminate this Agreement as a result of any of the breaches set forth below Such termination shall be effective upon delivery of such notice of termination or, if applicable, upon failure to cure (to our satisfaction) any such breach by the expiration of any period of time within which such breach may be cured in accordance with the provisions set forth below It shall be a material breach of this Agreement if

(a) you, or any of your shareholders, make an unauthorized assignment or transfer of this Agreement or an ownership interest in you,

(b) a general partnership interest in you (if you are a limited partnership) is terminated for whatever reason,

(c) you, or any of your shareholders, have made any material misrepresentation or omission in your application for the development rights conferred by this Agreement or are convicted of or plead no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Proprietary Marks,

(d) you fail to comply with any other provision of this Agreement,

(e) you fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to you, or

(f) we have delivered a notice of termination of a Franchise Agreement in accordance with its terms and conditions as defined in such agreement

You shall have the right to cure a breach under Paragraph (d) within thirty (30) days after delivery of our notice of termination

ARTICLE V
EFFECT OF TERMINATION AND EXPIRATION

5 1 All obligations of us and you under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire

5 2 Upon termination, transfer, or expiration of this Agreement, you agree that for a period of two (2) years, commencing on the effective date of expiration, transfer, or termination of this Agreement, you (and your shareholders or partners) will not have any interest as an owner, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any facility that offers products or services similar to those offered at the Bar located or operating within the Exclusive Area or within twenty-five (25) miles of any Bar in the System, except for Bars operated under Franchise Agreements granted by us to you and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or more of that class of securities

ARTICLE VI
ASSIGNMENT

6 1 This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interests herein

6 2 You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have granted this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of your shareholders Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of you may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised, or otherwise transferred by you or your owners (including, without limitation, by consolidation or merger, by issuance of securities representing an ownership interest in you, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a limited partnership, by transfer of an interest in you, or in the event of you death or the death of an owner of you, by will, declaration of or transfer in trust or the laws of intestate succession), without our prior written approval, which approval may not be unreasonably withheld or delayed, and the payment of a transfer fee of Twenty-Five Thousand Dollars ($25,000) Any such assignment or transfer without such approval shall constitute a breach hereof and shall convey no rights to or interest in this Agreement to such assignee

6 3 In the event you (or any of your owners) shall, subject to the restrictions and conditions of transfer contained in Section 6 2 of this Agreement, attempt to raise or secure funds by the sale of securities (including, without limitation, common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any affiliate of yours, you, recognizing that the written information used with respect thereto may reflect upon us, agree to submit any such written information to us prior to its inclusion in any registration statement, prospectus or similar Disclosure Document or memorandum and must obtain our written consent to the method of financing prior to any offering or sale of such securities Our written consent shall not imply or constitute our approval with respect to the method of financing, the offering literature submitted to us or any other aspect of the offering No information respecting us or any of our affiliates shall be included in any securities disclosure document, unless such information has been furnished by us in writing pursuant to your written request, in which we, in our sole discretion, object to any reference to us or any of our affiliates or to any of our franchisees in such offering literature or prospectus, such literature or prospectus shall not be used unless and until our objections are withdrawn We assume no responsibility for the offering whatsoever

6 4 You and each of your owners must indemnify, defend and hold harmless us and our affiliates, and our respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expense (including, without limitation, reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities arising from the offering or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency We shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which we or any of our affiliates or any of our respective officers, directors, employees or agents are named as a party

6 5 Upon your death or disability, or if you are a corporation, limited liability company, partnership, or other legal entity upon the death or disability of a principal owner of you, all of such person's interest in this Agreement or such interest in you shall be transferred to a transferee approved by us Such disposition of this Agreement or such interest in you, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and shall be subject to terms and conditions substantially similar to those applicable to transfers contained in this Article VI Failure to so transfer the interest in this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement

ARTICLE VII
ENFORCEMENT

7 1 To the extent that Section 5 2 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but may be made enforceable by reductions of any or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought

7 2 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable You agree to be bound by any promise or covenant imposing

the maximum duty permitted by law which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by us, any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party or from reducing the scope of any promise or covenant to the extent required to comply with such court order Such modifications to this Agreement shall be effective only in such jurisdiction unless we elect to give them greater applicability and this Agreement shall be enforced as originally made and entered into in all other jurisdictions

7 3 We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefor, and such approval shall be obtained in writing

7 4 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you by granting any waiver, approval, or consent to you, or by reason of any neglect, delay, or denial of any request therefor Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice

7 5 We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to determine this Agreement prior to the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms hereof, any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any Bar or any development or franchise agreements therefor, any grant of a Franchise Agreement to you, or the acceptance by us of any payment from you after any breach of this Agreement

7 6 Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from (1) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof, (2) acts of God, (3) acts or omissions of the other party, (4) fires, strikes, embargoes, war, or riot, or (5) any other similar event or cause Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable

7 7 Nothing herein contained shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions You agree that we may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law

7 8 Our and your rights hereunder are cumulative and no exercise or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law or equity to enforce

7 9 To the extent not inconsistent with applicable law, this Agreement and the offer or sale of this Agreement shall be governed by the substantive laws (and expressly excluding the choice of law) of the State of Delaware

7 10 You and we agree that any action arising out of or relating to this Agreement (including, without limitation, the offer and sale of this Agreement) shall be instituted and maintained only in a state or federal court of general jurisdiction in the State of Delaware, and you irrevocably submit to the jurisdiction of such court and waives any objection you may have to either the jurisdiction or venue of such court

7 11 This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and shall not be modified except by written agreement signed by both you and us

7 12 The preambles and exhibit(s) are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document

7 13 Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto

7 14 The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs

7 15 The term "Multi-Unit Developer" as used herein is applicable to one (1) or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine If two (2) or more persons are at any time Multi-Unit Developer hereunder, their obligations and liabilities to us shall be joint and several References to "Multi-Unit Developer" and "assignee" which are applicable to an individual or individuals shall mean the owner(s) of the equity or operating control of Multi-Unit Developer or the assignee, if Multi-Unit Developer or the assignee is a corporation, limited liability company or partnership

7 16 This Agreement shall be executed in multiple copies, each of which shall be deemed an original

7 17 Time is of the essence of this Agreement

ARTICLE VIII
DISPUTE RESOLUTION

8 1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Delaware under the authority of Delaware Statutes The arbitrator(s) will have a minimum of five (5) years experience in franchising or distribution law and will have the right to award specific performance of this Agreement If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration

shall be conducted as per the selection method set forth in the Delaware Statutes The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Delaware Statutes The decision of the arbitrator(s) will be final and binding on all parties This Section will survive termination or non-renewal of this Agreement under any circumstances Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement

8 2 Notwithstanding anything to the contrary contained in Section 8 1 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit our dispute for arbitration on the merits as provided herein

You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision

8 3 We and you hereby waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between us and you, except as otherwise provided herein, each shall be limited to the recovery of actual damages sustained by it We and you hereby irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or in equity, brought by either of us

ARTICLE IX
INDEPENDENT CONTRACTORS, INDEMNIFICATION

We and you are independent contractors Neither we nor you shall be obligated by or have any liability under any agreements, representations, or warranties made by the other that are not expressly authorized hereunder, nor shall we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your business conducted pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act We shall have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied upon you or your assets or upon us in connection with the business conducted by you, or any payments made by you to us pursuant to this Agreement or any Franchise Agreement You agree to indemnify us and our subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees against and to reimburse them for all such obligations, damages, and taxes for which they are held liable and for all costs reasonably incurred by them in the defense of any such claim brought against them or in any action in which they are named as a party, including, without limitation, reasonable attorneys' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses We shall have the right to defend any such claim against us The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement

ARTICLE X
NOTICES AND PAYMENTS

All notices and reports to us or you, if not personally served, shall be deemed so delivered one (1) business day after sending by telegraph or comparable electronic system or two (2) business days after deposit with Federal Express or a comparable overnight courier company or three (3) business days after being placed in the U S mail by Registered or Certified Mail, return receipt requested All notices shall be sent postage prepaid and addressed to the respective party as follows, or as either party may from time to time designate in writing

Notices to Franchisor	Blo Blow Dry Bar Inc 1881 Yonge Street, Suite 710 Toronto, Ontario, Canada M4S 3C4 Attention President Fax (416) 630-6281
With a copy to	Harold L Kestenbaum, Esq Harold L Kestenbaum, PC 175 Broadhollow Road, Suite 175 Melville, New York 11747 Facsimile (516) 745-0293
To Multi-Unit Developer	_____ _____ _____

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement in _____ counterparts on the day and year first above written

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

MULTI-UNIT DEVELOPER

By _____
Name _____
Title _____

EXHIBIT "A"

The Exclusive Area referred to in Article I of the captioned agreement shall be

_____

_____

_____

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

MULTI-UNIT DEVELOPER

By _____
Name _____
Title _____

EXHIBIT "B"

SECTION I

The Multi-Unit Developer Fee referred to in Article III of the captioned agreement shall be _____ Thousand Dollars ($_____) The Multi-Unit Developer Fee shall be paid by Multi-Unit Developer to Franchisor upon execution of this Agreement The Multi-Unit Developer Fee is calculated as Thirty-Nine Thousand Dollars ($39,000) for the first Bar, Twenty-Nine Thousand Dollars ($29,000) for the second Bar and Fifteen Thousand Dollars ($15,000) each for the third and subsequent Bars

Notwithstanding anything to the contrary contained in the captioned agreement or in any Franchise Agreement, should Multi-Unit Developer terminate this agreement for any reason, then the Multi-Unit Developer Fee is non-refundable

SECTION II

Multi-Unit Developer agrees to have signed leases for the following cumulative number of Bars at the end of each Development Period and to have each Bar open and operating within the timeframe required by the separate Franchise Agreement for each Bar

Number of Bars	**Last Day of Development Period**
_____	_____, 20__ (First Development Period)
_____	_____, 20__ (Second Development Period)
_____	_____, 20__ (Third Development Period)
_____	_____, 20__ (Fourth Development Period)
_____	_____, 20__ (Fifth Development Period)
_____	_____, 20__ (Sixth Development Period)

The first Development Period commences on the date of the captioned agreement and expires on the date shown, each subsequent Development Period commences on the date succeeding the last day on the preceding Development Period and expires on the date shown

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

MULTI-UNIT DEVELOPER

By _____
Name _____
Title _____

EXHIBIT C TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

STATE ADDENDUM
REQUIRED BY THE STATE OF MARYLAND

The amendments to the Multi-Unit Development Agreement included in this addendum have been agreed to by the parties

1 The provision contained in the termination sections of the Multi-Unit Development Agreement may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 The appropriate sections of the Multi-Unit Development Agreement shall be amended to state that 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

3 Article VIII of the Multi-Unit Development Agreement is amended to provide that the limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law

4 Article VIII of the Multi-Unit Development Agreement is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

5 Article VII of the Multi-Unit Development Agreement is amended to state that the acknowledgements or representations of the franchisee made in the Statement which disclaim the occurrence and/or acknowledgement of the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

6 **Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payment shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement**

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

MULTI-UNIT DEVELOPER

_____

_____
Witness

EXHIBIT "C"

ADDENDUM TO THE BLO BLOW DRY BAR INC MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement and Multi-Unit Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement and Multi-Unit Development Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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 or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable

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

In the State of Washington, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

FRANCHISEE

_____

_____
Witness

EXHIBIT F TO THE DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF THE OPERATIONS MANUAL

Handbook – 5 pages

Brand Overview
Mission Statement
Policy Guidelines

Blo Boss Training Manual – 20 pages

Job Description
Messaging
    Clients
    Coworkers
Training Procedures
Operations Overview

Bloer Training Manual – 15 pages

Job Description
Messaging
    Clients
    Coworkers
Training Procedures

Total pages - 40

EXHIBIT G TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES, MULTI-UNIT DEVELOPERS
(as of March 31, 2017)

FRANCHISEES

Arizona	
Phil Beasley Consulting, LLC Philip A Beasley 9343 East Shea Blvd , Suite B-140 Scottsdale, Arizona 85260 480-268-7432 (Opened fiscal year 2017)	
California	
MikaGlam Inc 2167 Union Street San Francisco, CA 94123 415 655 9886 (Opened 4/2010, transferred fiscal year 2015)	Head On Developments, LLC (Gartner) 6250 Hollywood Boulevard, Suite 500\ Hollywood, CA 90028 323 469 2569 (Opened 1/2011)
BLO&GLO Inc 252 South Beverly Drive, #A Beverly Hills, CA 90212 310 270 4256 (Opened 7/2013)	Stein Investments, LLC 2659 Gateway Road, Suite 104 Carlsbad, California 92009 760 585 2155 (Opened 9/2013)
BlowOut LA, LLC 435 Island Avenue San Diego, CA 92101 Laura Alexon 619-431-5400 (Opened 3/2015)	Marina Wilson 8806 Grossmont Blvd La Mesa, CA 91942 619 825 7980
Teresa Gibson 11729 Barrington Court Los Angeles, California 90049 310-472-4215 (Opened fiscal year 2017)	
Connecticut	
C For Charm, LLC 71 Memorial Road West Hartford, CT 06107 860 231 0443 (Opened in fiscal year 2013)	
Delaware	
Kerry Welsh ** 3801 Kennett Pike, Suite E-123 Greenville, DE 19807 302-652-1268 (Opening fiscal year 2017)	

Florida	
	Lalani Group , LLC 185 SW 7th Street Suite 2012 Miami, FL 33130 786 866 5962 (Opened 11/2011
FG & PG Holdings, LLC 60 SW 13 Street, #3200 Miami, Florida 33130 Francisco Gonzalez/Paola Hernandez 305-901-5432 (Opened 11/2014)	My Better Half, LLC 11911 Marblehead Drive Tampa, FL 33626 Cynthia & Brian Keenan 813-877-2639 (Opened 7/2014)
You Blo Girl LLC 2349 Vanderbilt Beach Rd, Suite 516 Naples, Florida 34109 Kara/Chris Resop 239-631-6128 (Opened 11/2014)	EMEB LLC 329 North Magnolia Avenue, Suite 104 Orlando, FL 32801 Erika Benjamin 321-800-6672 (Opened 5/2014)
JVK Group Holdings, LLC Jessica Van Katwyk Town Center Aventura 18795 Biscayne Blvd Aventura, Florida 33180 786-613-7171 (Opened fiscal year 2017)	Kenneth Elmore 9210 San Jose Blvd Jacksonville, FLA 32257 904-253-3368 (Opened fiscal year 2017)
Georgia	
Erin Freer and Greg Freer ** 3400 Around Lenox Drive, Suite 213 Atlanta, Georgia 30326 404-390-3552 (Opened fiscal year 2017)	
Louisiana	
Crescent & Curls, LLC Jennifer Edelman 5530 Magazine Street New Orleans, LA 70115 504 570 6101 (Opened 2013, Transferred fiscal year 2017)	
Maryland	
Yafa Moco, LLC 317 Ellington Boulevard Gaithersburg, MD 20878 301-216-0256 (Opened 6/2014)	

Massachusetts	
Socratease, Inc 437 Colmbus Avenue Boston, MA 02116 Nathan Alan Gross 617 262 0105 (Opened 2013, Transferred fiscal year 2016)	G M G Inc 157 Seaport Boulevard Chestnut Hill, MA 02467 Gina Gesamondo 617 426 0874 (Opened 3/2014)
Michigan	
Oakland Blow, LLC Nicole Ashley and Amanda Faifogl 555 S Old Woodward Birmingham, MI 48009 248-731-7373 (Opened fiscal year 2017)	
Missouri	
Tanya Popp ** 1644 Clarkson Road Chesterfield, Missouri 63017 636-812-2775 (Opened fiscal year 2017)	
New York	
Blo Dry Bar 64th Street, LLC 10 West 33rd Street, Unit 1028 New York, NY 10001 Henri Hedaya 917 843 4511 (Opened 6/2013)	Blo Dry Bar 72nd St Corp 260 East 72nd Street New York, NY 10021 646 478 7988 (Opened 1/2014)
B for Brunette LLC 50 Glen Cove Road Greenvale, New York 11548 516 621 7750 (Opened 11/2013)	Stafford Franchise Holdings, LLC New Orleans, Louisiana 70124 Location 800 6th Avenue New York, New York 10001 212 725 4500 (Opened 5/2014)
Ginger Comstock 287 Amsterdam Avenue New York, NY 10023 212 595 0550 (Opened fiscal year 2016)	B For Blonde LLC 142 East 49th Street New York, New York 10017 Jean Chriss 212-751-7000 (Opened fiscal year 2017)
North Carolina	
Charles Frank, LLC Colony Road Shops 2850 Selwyn Avenue Charlotte, NC 28209 704 375 7110 (Opened 10/2013)	

South Carolina	
J & E Charleston Enterprises LLC 905 Houston Northcutt Blvd , Suite 101 Mount Pleasant, SC 29464 Jeremy Bollington and Elaine Bollington 843-805-4068 (Opened fiscal year 2017)	
Texas	
Double A Divas, LLC Fifth Street Commons #145-1611 West 5th Street Austin, TX 78703 512 355 1256 (Opened 4/2011)	Bella Destino LLC 25 Waterway Avenue, Suite 150 The Woodlands, Texas 77380 281 465 8515 (Opened 11/2013)
PEPR, LLC ** 4447 N Central Expressway, Suite 105 Dallas, TX 75205 Stephanie Necaise 214-520-2569 (Opened 1/2015)	Double A Divas, LLC 12600 Hill Country Blvd, Suite R-115 Bee Cave, TX 78738 512 428 6211 (Opened 5/2015)
Double A Divas, LLC The Domain 11011 Domain Drive Suite 112 Austin, TX 78758 512 386 1429 (Opened 4/2015)	Double A Divas, LLC The Shops at Lincoln Heights 999 E Basse Rd San Antonio, TX 78209 210 368 9473 (Opened 11/2014)
Luxe Bars, Inc ** Sam Darwish 939 Garden Park Drive Allen, Texas 75013 972-590-8672 (Opened fiscal year 2017)	PEPR, LLC ** 5801 Long Prairie Road, Unit 790 Flower Mound, TX 75028 Stephanie Necaise 214-285-2569 (Opened fiscal year 2017)
Bella Destino LLC Katie Holditch 3939 Montrose Blvd , Suite M Houston, TX 77006 713-526-1369 (Opened fiscal year 2017)	If Locks Could Kill 4511 98th Street Lubbock, TX 79424 Hilary & Justin Sharbutt 806-370-5359 (Opened fiscal year 2017)
Double A Divas, LLC 22211 IH-10 West Suite 1107B San Antonio, TX 78256 Athena Boyd 210 437 1258 (Opened fiscal year 2017)	

** Designates Multi-Unit Developer

FRANCHISEES SIGNED BUT OUTLETS NOT OPENED

Michigan	
Ewey Enterprises LLC Susan Peslar 350 N Main Street, Unit 901 Royal Oak, Michigan 48067 (Signed in fiscal year 2016)	
Nevada	
Nancy Ayala 3900 Paradise Road Las Vegas, NV 89169 626-644-4755 (Signed fiscal 2017)	
New Jersey	
MNM Ventures LLC Macelon D'SA 1125 Maxwell Lane Apt 913 Hoboken NJ07030	
New York	
Lisa Scheiring 113 West 10th Street New York, NY 10011 212-256-0111 (Signed fiscal 2017)	Marianne and Bruce Hammer 5 Alpine Road New Rochelle, NY 10804 (Signed fiscal 2017)
South Carolina	
J & E Charleston Enterprises LLC 328 Moon Tide Lane Kiawah Island, South Carolina 29455 Jeremy Bollington and Elaine Bollington (Signed fiscal year 2017)	
Texas	
Luxe Bars, Inc Sam Darwish 939 Garden Park Drive Allen, Texas 75013 (Signed in fiscal year 2017)	Mariam Abdo 6751 North MacArthur Blvd , Suite 110 Irving, TX 75039 972-872-8701 (Signed fiscal 2017)
Journe Ventures, LLC ** Nael Alkujok 1707 Post Oak Blvd Unit 238 Houston TX 77056 (Signed in fiscal year 2017)	

** Designates Multi-Unit Developer

EXHIBIT H TO THE DISCLOSURE DOCUMENT
FRANCHISEES, MULTI-UNIT DEVELOPERS
WHO HAVE LEFT THE SYSTEM
(as of March 31, 2017)

FRANCHISEES

	Keeping Up with the Kristiansens, LLC San Francisco, CA Transferred in fiscal year 2015
SoCal Glam X3, LLC 18733 Napa Street Northridge, CA 91324 818 609 8822 (Terminated Porter Ranch in fiscal year 2015)	SoCal Glam X3, LLC 18733 Napa Street Northridge, CA 91324 818 609 8822 (Terminated Tarzana in fiscal year 2015)
K-Squared Ventures, LLC Kristin Broers 521 E Locust Street, Suite 101 Des Moines, Iowa 50309 515 282 8282 (Closed in fiscal year 2016)	JJKC LLC 955 Pierremont Road, Suite 100 Shreveport, LA 71106 318 754 3023 (Closed in March 2016)
ERK Ventures, LLC Emily Kupperman and Zachary Kupperman New Orleans, Louisiana 70115 Transferred in fiscal year 2017	RAMC Enterprises, LLC 2126 P Street NW Washington, DC 20037 202 293 2256 Reacquired in fiscal year 2017
28 One, Inc California Transferred in fiscal year 2017	Stacey A Cohen Enterprises, LLC Connecticut Transferred in fiscal year 2017
Head Kandi, LLC Miami, FL 33137 Terminated in fiscal year 2017	

EXHIBIT I TO THE DISCLOSURE DOCUMENT
GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between Blo Blow Dry Bar Inc , a Delaware corporation having its principal place of business located at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 (the ' Franchisor"), and _____, an individual residing at _____ (hereinafter referred to as "Releasor'), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows

1 **Release by Releasor**

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees

2 Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph

3 Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary

4 Delaware law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto

5 In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Delaware

6 This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above

Witness

_____

Witness

_____

RELEASOR

_____
(Name)

BLO BLOW DRY BAR INC

By _____
Name _____
Title _____

EXHIBIT J TO THE DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Blo Blow Dry Bar Inc (the ' Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Blo Blow Dry Bar Business (the "Franchised Business ') The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (' Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _____, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

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

_____
_____
_____
_____
_____
_____

8 Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

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

Yes _____ No _____

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

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None '

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _____, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By _____
Signature

Print Name_____

Title_____

RECEIPT

(RETURN ONE COPY TO US)

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 Blo Blow Dry Bar Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Blo Blow Dry Bar Inc does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A

The franchisor is Blo Blow Dry Bar Inc , located at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 Its telephone number is (416) 630-6280

Issuance date July 10, 2017

The name, principal business address and telephone number of the franchise seller for this offering is ☐ Paul Spindler, 1881 Yonge St , Suite 710, Toronto, ON M4S 3C4 Canada, 416-630-6280
☐ Other _____

Blo Blow Dry Bar Inc authorizes the agents listed in Exhibit A to receive service of process for it

I have received a disclosure document dated July 10, 2017 that included the following Exhibits

A – List of State Administrators/Agents for Service of Process	F – Table of Contents of the Operations Manual
B – State Specific Addendum	G – List of Franchisees, Multi-unit developers
C – Financial Statements	H – Franchisees, Multi-unit developers Who Have Left The System
D – Franchise Agreement (and Exhibits)	I – General Release
E – Multi-unit development agreement (and Exhibits)	J – Franchisee Disclosure Acknowledgment Statement

Date _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

You may return the signed receipt either by signing, dating and emailing a copy to paul@blocorporate com, or by faxing a copy of the signed and dated receipt to Blo Blow Dry Bar Inc at (416) 630-6281

RECEIPT

(RETURN ONE COPY TO US)

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 Blo Blow Dry Bar Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If Blo Blow Dry Bar Inc does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A

The franchisor is Blo Blow Dry Bar Inc , located at 1881 Yonge Street, Suite 710, Toronto, Ontario, Canada M4S 3C4 Its telephone number is (416) 630-6280

Issuance date July 10, 2017

The name, principal business address and telephone number of the franchise seller for this offering is ☐ Paul Spindler, 1881 Yonge St , Suite 710, Toronto, ON M4S 3C4 Canada, 416-630-6280
☐ Other _____

Blo Blow Dry Bar Inc authorizes the agents listed in Exhibit A to receive service of process for it

I have received a disclosure document dated July 10, 2017 that included the following Exhibits

A – List of State Administrators/Agents for Service of Process	F – Table of Contents of the Operations Manual
B – State Specific Addendum	G – List of Franchisees, Multi-unit developers
C – Financial Statements	H – Franchisees, Multi-unit developers Who Have Left The System
D – Franchise Agreement (and Exhibits)	I – General Release
E – Multi-unit development agreement (and Exhibits)	J – Franchisee Disclosure Acknowledgment Statement

Date _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

You may return the signed receipt either by signing, dating and emailing a copy to paul@blocorporate com, or by faxing a copy of the signed and dated receipt to Blo Blow Dry Bar Inc at (416) 630-6281