FRANCHISE DISCLOSURE DOCUMENT

Buff City Soap Franchising, LLC
(a Delaware Limited Liability Company)
2718 Fairmount St
Dallas, Texas 75201
1-844-GOT SOAP
franchise@buffcitysoap.com
www.buffcitysoap.com

Buff City Soap Franchising, LLC offers franchises to operate a Buff City Soap® personal care product retail shop, providing consumers with high-quality, fresh, hand-made, plant-based soaps, bath soap "bombs," body and facial products and related custom services ("Makery"). The total initial investment necessary to begin operation of a franchised Makery ranges from $337,200 to $1,082,000. This includes $120,000 that must be paid to the franchisor or affiliate. If you enter into an Area Development Agreement with us, the total initial investment necessary to begin operation of at least four Makeries ranges from $412,200 to $1,207,000, including the development fees of at least $125,000 that you pay to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mike Barhydt at Buff City Soap Franchising, LLC, 2718 Fairmount St, Dallas, Texas 75201, via email at franchise@buffcitysoap.com or by phone at 1-844-GOT SOAP (844-468-7627).

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

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

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

The Issuance Date of this Disclosure Document is July 16, 2021, as amended October 29, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by arbitration in the Office of the International Institute for Conflict Prevention & Resolution nearest to the franchisor's principal place of business, or by litigation in the judicial district where the franchisor's principal place of business is located, currently Dallas County, Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor near the franchisor's principal place of business than in your own state.

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

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

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

FOR 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 franchisee of rights and protection 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 30 days, to cure such failure.

(D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 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 of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(H) 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.

(I) 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 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).

(J) 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 service.

Despite subparagraph (F) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Area Development Agreement. We believe that subparagraph (F) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

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.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, we will use the words "we," "us" and "our" when referring to Buff City Soap Franchising, LLC (the Franchisor) and the words "you" and "your" when referring to the individual or legal entity which buys a Buff City Soap franchise (the Franchisee). The words "you" and "your" do not include any individual or business entity which owns an interest in you. We will require all individuals and business entities that own an interest in you to guarantee your obligations to us.

Franchisor, Parent, and Affiliates

We are a Delaware limited liability company formed on May 7, 2018. We are a wholly owned subsidiary of Buff City Soap Holdings, LLC, a Delaware limited liability company ("Holdings"). We and Holdings share our principal business address of 2718 Fairmount Street, Dallas, Texas 75201. We do business under the trade and service marks Buff City Soap® and related trademarks, service marks and logos listed in Item 13 (collectively, the "Marks"). We are an indirect, wholly-owned subsidiary of Buff City Soap InvestCo, LLC, a Texas limited liability company ("BCS InvestCo"). BCS InvestCo acquired the Buff City Soap franchise system on November 25, 2019. BCS InvestCo is controlled by BCS Holdco LLC, a Delaware limited liability company, which is our parent company ("Parent"). Parent and BCS InvestCo share our principal business address.

Buff City Soap LLC, a Tennessee limited liability company ("BCS") was formed in October 2013 to operate the initial Buff City Soap Makery retail location in Bartlett, Tennessee that opened on December 31, 2013. The owners of BCS created Buff City Soap Tennessee, LLC and Buff City Soap Colorado, LLC (collectively with BCS, the "Retail Affiliates") to operate joint venture BCS Makeries in Memphis, Tennessee and Castle Rock, Colorado in 2017. On May 7, 2018, the business was reorganized and both store ownership entities, in addition to BCS, became subsidiaries of Buff City Stores OpCo, LLC, a Delaware limited liability company ("OpCo"), which manages the BCS Makeries owned by Buff City Soap, LLC and Buff City Soap Colorado, LLC. OpCo is a wholly owned subsidiary of Holdings. Also on May 7, 2018, our affiliate, Buff City Soap Supply, LLC, a Delaware limited liability company ("BCS Supply"), was formed as a wholly-owned subsidiary of Holdings. BCS Supply supplies and distributes certain products to our franchisees and affiliate owned Makeries. OpCo and BCS Supply share our principal business address.

Neither we or our affiliates, nor Parent, Holdings or BCS InvestCo, have previously offered or currently offer franchises in any other line of business.

Agent for Service of Process

The names and addresses of our agents for service of process appear on Exhibit H to this Disclosure Document.

Prior Business Experience

We do not operate and have never operated a BCS Makery. We conduct no business activities other than franchising. We have offered BCS Makery retail franchises in the United States since May

2018. BCS previously offered licenses of the Buff City Soap Marks (defined below) and intellectual property to third parties who operate BCS Makeries in Covington, Tennessee, and Olive Branch, Tupelo, New Albany, Ocean Springs and Oxford, Mississippi (the "Licensed Makeries"). The license agreements for the operation of the Licensed Makeries were assigned to us in the reorganization described above.

The Business and Franchise We Offer

We offer franchises to qualified individuals and entities to develop and operate Buff City Soap Makerys under a comprehensive system we and our affiliates have developed. A Buff City Soap personal care product retail Makery (a "BCS Makery" or a "Makery") is an upscale, rustic and minimalistic retail body products Makery, providing high-quality, fresh, handmade, plant-based soaps, bath bombs, body and face products. Our products are targeted to both male and female consumers and consumers in adolescence through late adulthood. Our body products are made with our proprietary formulas and include our signature base products, scents, and colorants, all of which must be purchased from us or BCS Supply and must be made, offered and sold according to our System Standards (defined below). Our Makeries have a well-designed, modular footprint with a standard and recognizable layout and a signature, color scheme and décor. Included in the décor is a signature reclaimed wood counter/workspace and wood display bins and tables to showcase body products. Most of our body products are produced on the premises of the BCS Makery at the Soap Makery™ (the designated area within the BCS Makery where on-site soap making occurs), allowing customers the opportunity to observe the production of the products. A BCS Makery offers customers the opportunity to customize products to their own scent and color preferences. A BCS Makery also offers on-premises private parties (for both children and adults) and soap making classes to increase the revenue opportunities at each location.

A typical BCS Makery occupies approximately 2,000 to 4,000 square feet of space that may be either owned or leased from a third party and is located in Class A anchored retail locations. All BCS Makeries are constructed to our specifications as to size, layout, décor and the like. BCS Makeries are typically located in a metropolitan area or surrounding suburbs, and proximity to high traffic areas is desirable. A BCS Makery may be located either in a freestanding building or in an in-line retail plaza space, but, in any event, ample parking, good visibility and availability of prominent signage are a necessity. Preferred locations for BCS Makeries are strip shopping centers with a mixture of residences and commercial facilities (offices and businesses) nearby.

BCS Makeries operate under the Marks, plus designs, artwork, trade dress, commercial symbols and e-names, all of which gained and continue to gain public acceptance and goodwill. We may in the future create and license additional trademarks, service marks, logos, commercial symbols, e-names, designs, artwork and trade dress in conjunction with the operation of the BCS Makeries.

BCS Makeries operate in accordance with our "System," which means and includes our BCS Makery layouts, identification schemes (collectively, the "Trade Dress"), our specifications for equipment, inventory and accessories; our website or series of websites for the promotion of the Buff City Soap brand and BCS Makeries (the "System Website"); our relationships with vendors' our software and computer programs; our product formulations and product lines that we have or may develop; the accumulated experience reflected in our training program, operating procedures, customer service standards, methods and marketing techniques; and the mandatory and suggested

policies, procedures, standards, specifications, rules and requirements ("System Standards"), set out in our brand standards manuals (the "Manuals") and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

You may purchase a Buff City Soap franchise to develop and operate one BCS Makery at a mutually agreed upon site within an area that we will specify (the "Designated Area") in a franchise agreement (the "Franchise Agreement") that we and you will execute. Our current form of Franchise Agreement is included in this disclosure document as Exhibit A. You will have no obligation, nor any right, to open any additional BCS Makeries except pursuant to an Area Development Agreement, as described below. Under the Franchise Agreement, you have no right to use the Marks or the System at any location other than the site that we approve for your BCS Makery or to use the Marks or the System in any wholesale, e-commerce or other channel of distribution other than the operation of the BCS Makery at the approved site except as may be expressly authorized by us in writing.

We also offer to qualified candidates the right to develop more than one BCS Makery (each, a "Developer") by entering into an Area Development Agreement ("Development Agreement") with us. Developers will be provided an agreed upon protected territory in which they will be required to open and operate an agreed number of BCS Makery locations during an agreed period of time based upon a precise development schedule for opening Makeries. The Development Agreement is not a franchise agreement. During the term of the development schedule, you will be required to sign the form of franchise agreement we then offer, which may differ from the current form of Franchise Agreement included in this disclosure document, in connection with developing each BCS Makery. We reserve the right to offer and sell only the rights to develop multiple BCS Makeries within certain markets where we determine that the Buff City Soap customers in the market will be best served by BCS Makeries owned and operated by a single franchisee.

Market and Competition

The consumer market for a BCS Makery is highly competitive, generally mature and well developed. However, we believe that the segment of the soap and retail body products market targeted by us is still relatively unique and growing rapidly. We believe that the "experiential entertainment" provided to Buff City Soap customers as well as the quality of products offered by us will differentiate a BCS Makery in the marketplace and may provide a significant advantage over other soap and retail body products shops.

You will compete with national, regional and local retailers including company owned and franchised chains as well as independently owned personal care, soap and body product focused businesses. You may also compete with other Makeries owned by us, affiliate-owned or franchisee-owned locations outside the Protected Area. Some competitors may be larger and have more financial resources than us. Some competitors may have stronger name recognition than us. Some may be privately held or publicly held entities.

The soap and retail body products market is not considered seasonal, although BCS Makeries sales may increase during the holiday season consistent with increase in retail sales generally. The success of any franchisee may be impacted by many factors including, but not limited to, local economic and market conditions, business experience, geographic location, market competition, stability of sales and ability to attract new and retain existing customers.

Regulations

BCS Makeries sell personal body care products that fall into two regulatory categories: (1) US Food and Drug Administration ("FDA") regulated cosmetics, and (2) non-FDA regulated consumer products, subject to regulation by the Consumer Products Safety Commission ("CPSC"). Advertising of products may also be subject to regulation and enforcement by the Federal Trade Commission ("FTC"). FDA has mandated certain cosmetic labeling requirements. Cosmetic labels must include: (1) a statement of identity (e.g., lotion); (2) the name and place of business of the manufacturer, packer, or distributor of the cosmetic; (3) a declaration of the net quantity of the product's contents; and (4) ingredients listed in descending order of predominance. Cosmetics which may be hazardous to consumers when misused must bear, prominently and conspicuously, appropriate label warnings and adequate directions for safe use. Additional specific label warnings or cautions prescribed by regulation may be required for some cosmetics (e.g., aerosol products, children's bubble bath). The Tariff Act of 1930 requires that all imported articles state on the label the English name of the country of origin. The majority of products offered and sold at BCS Makeries are subject to FDA regulations related to product labeling because they are intended for consumer use as cosmetics and are applied to the body. Personal body care products offered by BCS Makeries intended for consumer use that are not applied to the body are subject to regulation by the CPSC, including, for example, the laundry soaps, soap sleeves, soap dish, and any other non-contact cleaning or related products offered and sold at BCS Makeries. Those non-FDA regulated, general use consumer products must comply with the Fair Packaging and Labeling Act ("FPLA"), which requires products to contain a statement identifying the commodity, the name and place of the manufacturer, packager, or distributor, and the net quantity of contents. If any products qualify as children's products, such products are also subject to applicable children's product laws and regulations. We provide to franchisees the required labels for products to be offered and sold at BCS Makeries. You must use only the labels that we provide in connection with packaging and labeling personal body care products offered and sold at BCS Makeries but it will be your responsibility to ensure that all products are properly labelled and meet all appropriate weights and measures. You must also comply with applicable environmental regulations related to disposal of containers used for storage of lye used in making the products. Specifically under the Occupation Safety and Health Administration ("OSHA"); you must comply with requirements relating to worker safety when handling hazardous materials such as lye and making sure that the Makery has sufficient personal protection equipment ("PPE") for workers and such employees are properly trained on use of PPE and safety procedures.

In addition, as most of our body products are produced on the premises of the BCS Makery, you must manufacture products in accordance with the Clean Air Act, specifically as it relates to the ph level, the content of oil and grease in wastewater and disposal of hazardous waste. A franchisee will be required to satisfy all federal regulations and all state and local requirements relating to the disposal of wastewater, including but not limited to, consulting with local authorities, installing appropriate grease traps, obtaining permits where necessary and adhering to on-going monitoring requirements. In addition to the regulations set forth above, if you operate a Commissary as further described in Items 6, 7 and 8, you may also have to meet certain standards relating to industry storm water permitting requirements and storage of hazardous chemicals.

A franchisee will be required to comply with all federal, state and local laws and regulations that generally apply to private businesses. These include, but are not limited to, the Americans with Disabilities Act (the "ADA"); the Fair Labor Standards Act (the "FLSA"); the rules and regulations of the Equal Employment Opportunity Commission (the "EEOC"); OSHA; Gramm-Leach-Bliley

Act; the USA PATRIOT Act; Federal Truth in Lending and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; general location rules and regulations; and, any advertising or content related rules and regulations. As a public accommodation, your Makery must be accessible to persons with disabilities. See https://www.ada.gov/smbusgd.pdf for more information. Your Franchised Business must accept credit cards and will be obligated to comply with the Payment Card Industry Data Security Standard. The Standard includes 12 requirements for any business that stores, processes or transmits payment cardholder data. For more information see https://www.pcicomplianceguide.org/.

We encourage you to make additional inquiries into those laws and regulations and obtain the assistance of your own legal counsel in that regard. Neither we, nor our affiliates, will be responsible for ascertaining your initial and continuing legal responsibilities. It is your responsibility, on an on-going basis, to investigate and satisfy all local, state, and federal laws and regulations since these can vary from place to place and can change over time.

ITEM 2

BUSINESS EXPERIENCE

Craig Kessler, Chief Executive Officer

Mr. Kessler has served as our Chief Executive Officer since August 2021. Prior to this, Mr. Kessler was the Chief Operating Officer for Top Golf in Dallas, Texas from October 2016 to August 2021. He was an Operating Partner for Providence Equity Partners in New York, New York from July 2014 to October 2016.

Mike Barhydt, Chief Financial Officer

Mr. Barhydt has served as our Chief Financial Officer since November 2019. Prior to joining Buff City Soaps, Mr. Barhydt served as Vice-President and Controller of Jamba Juice in Frisco, Texas from June 2016 until March 2019 and as Vice-President in charge of SEC Reporting for RealPage in Carrollton, Texas from May 2014 until May 2015. From March 2019 until November 2019 and from May 2015 until June 2016, Mr. Barhydt performed financial reporting and technical accounting advisory services in Dallas, Texas.

Chad Brizendine, Chief Marketing Officer

Mr. Brizendine has served as our Chief Marketing Officer since May 2020. Prior to joining us, Mr. Brizendine served as Co-Founder and Chief Executive Officer of Nontraditional in Cincinnati, Ohio from April 2018 until May 2020. Prior to this role, Chad was a marketing executive Proctor & Gamble in Cincinnati, Ohio from May 2007 until April 2018.

Bryan Penley, EVP Operations

Mr. Penley has served as our Executive Vice President of Operations since January 2021. Prior to joining Buff City Soap, Mr. Penley served as President and COO of Alamo Drafthouse Cinema in Austin, Texas and Dallas, Texas from October 2008 until January 2021.

Erin Houge, Chief Merchandising Officer

Mrs. Hogue has served as our Chief Merchandising Officer since October 2020. Prior to joining us, Mrs. Hogue served as Vice President of Merchandising for The Container Store from October 2017 until June 2020 in Coppel, Texas. Prior to this appointment, she served in a variety of roles for The Container Store, beginning October 2004**.**

Fredric Smith, Chief Development Officer

Mr. Smith has served as our Chief Development Officer since November 2021. Prior to joining us, Mr. Smith served as Senior Vice President of Development at Scooter's Coffee in Omaha, Nebraska from June 2021 to November 2021. He also served as Vice President of Real Estate, Construction and Franchising at C2 Education in Johns Creek, Georgia from January 2018 to June 2021. Before that, Mr. Smith served as Senior Director of Real Estate at Qdoba Restaurant Corp. in Lakewood, California from June 2014 to August 2017.

Daniel Mathews, SVP Supply Chain

Mr. Mathews has served as our Senior Vice President of Supply Chain since March 2021. Prior to joining us, Mr. Mathews served as SVP Supply Chain for Truco Enterprises in Carollton, Texas from June 2019 until March 2021. Prior to this role, he worked as a Vice President of Supply Chain beginning in April 2017. Between December 1997 and March 2017, Dan Mathews worked in a number of supply chain roles for PepsiCo in Plano, Texas.

Adam McCown, Chief Design Officer

Mr. McCown has served as our Chief Design Officer since November 2021. Before that, he served as Chief Development Officer from July 2020 to November 2021. Prior to joining us, Mr. McCown served as Vice President – Architecture, Design, Facilities, and Construction of Altar'd State, from September 2015 until July 2020 in Knoxville, Tennessee.

Steve Williams, Chief Information Officer

Mr. Williams has served as our Chief information Officer (CIO) since April 2021. Prior to joining us, Mr. Williams serves as Executive Vice President and Chief Information and Supply Chain Officer of Stage Stores in Houston, TX from June 2017 to December 2020. Prior to this role, Steve Williams serves as Chief Information Officer for Boot Barn, Inc and Mattress Giant Corp in Irvine, CA from August 2012 to June 2017.

ITEM 3

LITIGATION

Buff City Soap LLC, Buff City Soap Holdings LLC and Buff City Soap Franchising LLC v. Magen Bynum, Buff City New Albany, LLC, Magnolia Soap & Bath Co. of Oxford, LLC, Magnolia Soap & Bath Co. of New Albany, LLC, Magnolia Soap & Bath Co. of Tupelo, LLC, and Magnolia Soap & Bath Holdings, Co., LLC, Case No. 3:20-cv-00055-NBB-RP, United States District Court for the Northern District of Mississippi, Oxford Division.

In February, 2020, we and our affiliates filed this action against the defendants, which was amended in April, 2021, alleging breach of contract, breach of the covenant of good faith and fair dealing, breach of fiduciary duty, fraudulent misrepresentation, tortious interference with contract, civil conspiracy and unjust enrichment, trademark and trade dress infringement, violation of the Tennessee Consumer Protection Act and the Mississippi Deceptive Advertising Law. Certain of the defendants entered into an operating agreement with us in October 2017 to operate Buff City locations in Oxford, New Albany and Tupelo, Mississippi. In July 2018, certain of the defendants began operating a competing soap business initially using the Buff City name and then under the name "Magnolia Soap and Bath Co" in violation of the terms of the operating agreement. Accordingly, the operating agreement was terminated by our affiliate for cause. Notwithstanding the termination, the defendants continued to use the "Buff City" trade name and trade dress, used product images copied from our website and continued to use the Buff City name to sell soap and related products. In addition, the defendants unlawfully used our confidential and proprietary information, including but not limited to, product formulas, recipes, trade dress and product names in connection with its "Magnolia Soap and Bath" business. We are seeking injunctive relief, actual, compensatory, liquidated and other statutory damages, disgorgement of revenue and profit, punitive and treble damages and all costs, expenses and attorneys' fees. In December 2020, the defendants filed and answer and counterclaim denying the claims made in the complaint and alleging that the plaintiffs have intentionally interfered with the defendants' business relationships and are seeking damages, injunctive relief, attorneys' fees and costs. We deny defendants' allegations and intend to vigorously pursue our action against the defendants.

Except as noted above, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

When you sign a Franchise Agreement for a Franchised Business, you must pay a non-refundable initial franchise fee of $50,000 to us. As noted below, you must also pay us 50% of the initial franchise fee for the second and each subsequent BCS Makery you commit to develop under the Development Agreement. If you sign a Development Agreement with us, the initial franchise fee will vary based on the number of BCS Makeries you commit to develop, as shown in the chart below.

Number of BCS Makeries	*Initial franchise fee for each BCS Makery*
0-4	$50,000
5-10	$45,000
11-30	$35,000
31-100	$30,000
101+	$20,000

In all cases, the initial franchise fee is considered fully earned and non-refundable when paid.

Opening Inventory and Opening Supplies

You must pay our affiliate, BCS Supply, between $40,000 and $70,000 for initial inventory and supplies (including raw materials for making products, packaging, labeling and accessories needed for opening) for the Franchised Business before you open each BCS Makery. This amount depends on the scale of the opening inventory and is non-refundable once the order is placed.

Development Fee

When you sign a Development Agreement, you must commit to develop at least four BCS Makeries. You must pay us a non-refundable development fee equal to 100% of the initial franchise fee for the first BCS Makery to be developed and 50% of the initial franchise fee for each additional BCS Makery to be developed under the Development Agreement.

When you sign the Franchise Agreement for the first BCS, we will credit a portion of the development fee payment to satisfy the initial franchise fee due under the first Franchise Agreement. When you sign each additional Franchise Agreement under the Development Agreement, you will sign the then-current form of franchise agreement that we offer, which may contain materially different terms. In addition, you will pay us the balance due for the initial franchise fee due under each applicable Franchise Agreement, which will be the initial franchise fee minus the applicable portion of the development fee.

The development fee is calculated in the same manner for all franchisees entering into Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of BCS Makeries you agree to develop. The development fee is considered fully earned and non-refundable when paid.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (See Notes 1)	6% of Net Sales	Currently payable monthly based on the prior calendar month's Net Sales and due on the 15th of each month	Payment must be made via electronic funds transfer. We reserve the right to modify the due date to every Friday for the preceding week commencing Monday and closing Sunday upon 60 days' prior written notice.
Brand Fund Contribution (See Note 2)	2% of Net Sales	Currently payable monthly based on the prior calendar month's Net Sales and due on the 15th of each month	Payable with Royalty Fee described above.
Technology Fee (See Note 3)	The monthly minimum is currently $500.	Monthly with the first Royalty Fee payment	Payment must be made via electronic funds transfer. We reserve the right to modify the Technology Fee upon 60 days' prior written notice to you.
Loyalty Program Fees (See Note 4)	Currently $119 per month. We do not currently charge fees to administer the loyalty program above the licensed cost of the program but reserve the right to charge a fee in the future.	Monthly with the Technology Fee payment	Payment is currently made by us to a third-party supplier and must be made via electronic funds transfer.
Quality Assurance Inspections	$450-$500	Upon invoice	If you receive a failing score on inspection, you will reimburse us for the cost of such inspection as well as the cost of a follow-up inspection to

Type of Fee	Amount	Due Date	Remarks
			confirm quality deficiencies have been cured.
Inspection and Testing for Unapproved Suppliers, Products or Equipment	Cost of inspection, if applicable, and cost of test.	Upon invoice	Before approving a new supplier, product or equipment, we may require you to pay the cost of testing the supplier's products and/or equipment and inspecting its facilities.
Regional Cooperative Fee	If established, up to 2% of Net Sales	Weekly with each Royalty Fee payment	Payable if we establish and collect the fees for a regional marketing or advertising cooperative
Additional Training Fees (See Note 5)	$500 per day plus trainer's travel, lodging, meal and incidental expenses for additional initial training requested by you; up to $2,500 for replacement manager training; up to $1,500 for regional meeting training and separate training at Conventions; up to $5,000 if you fail to demonstrate competency of pre-training materials such that you are required by us to repeat training	As incurred	We may provide additional employee training at your Franchised Business. We may change this rate at any time in the Manuals. Replacement managers must attend training before starting work.
Transfer Fees (See Note 6)	25% of then-current initial franchise fee for each BCS Makery transferred; waived for existing franchisees with certain qualifications; $5,000 for training if	Upon transfer	Payable in lieu of an initial franchise fee if you transfer the Franchise Agreement or Franchised Business or upon ownership change involving control of 50% or more of your equity interests

Type of Fee	Amount	Due Date	Remarks
	transferee is new to Brand		
Relocation Fee	$5,000 or such greater amount necessary to reimburse us for costs associated with a franchisee relocating their BCS Makery location	As incurred	Payable if you request our approval to relocate a BCS Makery
Bank Fees	Actual Bank Fees charged for insufficient funds or denied access for EFT/ACH transfer plus $25 per event, subject to limits imposed by applicable law	As incurred	Payable if a bank charges us fees for a returned check or denied electronic funds transfer payment to us. Minnesota law limits these fees to $30 per dishonored check.
Audit Results and Accounting Fees (See Note 7)	Underpaid Royalty Fees, Brand Fund Contributions and other fees; Cost of audit and accounting fees	Within 15 days after invoice date	Payable if you understate annual Net Sales by more than 2%; paid in addition to the late charge
Late Charge	Lesser of 1.5% per month or highest rate allowed by law (10% in California)	Within 15 days after invoice date	Accrues from due date
Successor Fee (See Note 8)	25% of the initial franchise fee we then charge for a similar Franchised Business	When you send your renewal notice	Paid if and when you renew, and we confirm that you are eligible to renew and sign a successor franchise agreement
Securities Offering Fees	$10,000 for each offering, plus expenses that exceed the fee; Reimbursement for counsel and accounting fees for review of periodic reports	Upon request for approval of offering documents	Payable if you request our review of a placement memorandum or registration statement for any public or private offering of your equity or debt securities; reimbursement for costs incurred to review of periodic reports

Type of Fee	Amount	Due Date	Remarks
Improvements	Currently, up to $500,000 for improvements required during the initial term of the Franchise Agreement	Upon invoice	Payable to us as reimbursement for any required improvements we make to your Makery following your failure to make the improvements within the time period described in the Franchise Agreement
Indemnification, Insurance and Enforcement Costs (See Note 9)	As incurred	Within 15 days after invoice date	Payable to us for damages, costs and expenses incurred by us from third party claims arising from your operation of the business; includes our cost of defense and resolution; our costs for enforcing the Franchise Agreement and Development Agreement against you, including attorneys' fees, court costs, collection costs, expert fees and costs, discovery costs, and other costs we incur to obtain required insurance on your behalf or complete your post-termination obligations
Convention Fee	Annual Registration Fee for your attendance at our Brand Convention; initially $1,000 per attendee	Within 15 days after invoice date	Payable in advance of our annual convention if we hold one. We may increase the fee to up to $2,500 per attendee
Liquidated Damages (See Note 10)	Varies depending upon the length of the term remaining at termination	Upon the termination of the Franchise Agreement or Development Agreement	

Type of Fee	Amount	Due Date	Remarks
Extension Fee	$2,000	As incurred	Payable to us each month during the extension of the development period. Applies to Development Agreements only
Commissary Royalty Fee (see Note 11)	8% of all Net Sales of Retail Products (excluding Initial Inventory Kits sold sold to BCS Makeries) through the Commissary	Monthly by the 15th of each month	Only if you sign a Commissary Agreement with us

All fees described in this Item 6 are uniformly imposed on and collected from all franchisees and are paid to us via electronic funds transfer unless otherwise specified. All fees are non-refundable.

Notes

1. *Royalty Fee.* You must pay us a monthly royalty fee of 6% of the Net Sales of your Franchised Business during the preceding month. Monthly Net Sales are reported to us each day through the BCS Makery Point of Sale ("POS") system. "Net Sales" means the total selling price of all services and products and all income of every kind and nature related to your BCS Makery, whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers shall be included in Net Sales when and at the Makery from which the coupons, gift cards, gift certificates or vouchers are eventually redeemed. Net Sales exclude the following: complimentary products and services (provided that the aggregate amount of such products and services does not exceed 2% of Net Sales for the applicable week), tips and gratuities, and sums collected and actually paid by you for any sales or other excise tax imposed by any duly constituted government authority. In the case of promotional discounts implemented by us at the BCS Makery, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of the term Net Sales. Net Sales also includes the proceeds of any business interruption insurance applicable to your BCS Makery.

2. *Brand Fund Contribution*. We have established a Brand Fund into which you will contribute a monthly Brand Fund Contribution of 2% of the Net Sales of your Franchised Business during the preceding month. Brand Fund Contributions will be made concurrently with Royalty Fee and Technology Fee payments. We reserve the right to increase the Brand Fund Contribution upon 60 days' written notice to you, but the Brand Fund Contribution, when combined with the Local Marketing Expenditure requirement, will not exceed 4% of Net Sales for the initial term of your Franchise Agreement.

3. *Technology Fee*. The Technology Fee covers the pass-through costs plus overhead of access to technology we provide to each BCS Makery and franchisee, currently including without limitation software licenses, database management, software maintenance, internet/WiFi, cyber security/firewalls, music copyrights, and general IT support. We are not currently charging overhead fees but reserve the right to charge up to $500 per month upon 60 days' notice. The Technology Fee will be invoiced each month with the Royalty Fee and Brand Fund Contributions.

4. *Loyalty Program.* We have created a Loyalty Program for frequent customers. Loyalty program fees will be invoiced each month with the Royalty Fee.

5. *Additional Training Fees*. The Additional Training Fee covers training and operational support provided at your request beyond the training and opening assistance that we provide as part of your initial franchise fee as described in Item 11. We currently charge $500 per day plus the trainer's travel expenses for additional training. If you cancel or request a change in any requested training, you will incur fees for flight and hotel changes incurred by our training team. We reserve the right to change this fee at any time or to charge a reasonable amount for any optional additional training we make available after you open the Franchised Business. We may charge up to $2,500 tuition for training a replacement manager for your BCS Makery at our initial manager training, and tuition up to $1,500 per event per person for training at regional meetings. In addition, if you fail to demonstrate competency of pre-training materials and are required by us to repeat training, you will pay tuition up to $5,000 for such training. These fees are due in advance of the start of training and payable via ACH.

6. *Transfer Fee.* You or the transferee must pay a non-refundable Transfer Fee equal to 25% of our then current initial franchise fee for a single BCS Makery, plus an Initial Training Fee of $5,000 if you transfer the Franchise Agreement or Franchised Business to a transferee that is not an existing Buff City Soap franchisee, or in the event of an ownership change involving control of 50% or more of your equity interests. We will not charge a fee for any transfer of your equity interests among any of your existing owners (provided such transfer of equity interests does not result in a change of control) or an initial transfer from an individual to an entity controlled by that individual. See Item 17.

7. *Audit Fee*. We may audit your accounts, books and records at our expense. You must pay any underpaid fees plus interest when we invoice you. If you understate Net Sales by more than 2%, then you must reimburse us for the cost of conducting the audit including, without limitation travel, lodging, meals, wages, expenses and reasonable accounting and legal fees we incur. We may also, in our sole discretion, require that you engage an independent certified public accounting firm reasonably acceptable to us to audit your financial statements for the next two years (or such time as we deem appropriate if instances of underreporting continue).

8. *Successor Fee.* The Franchise Agreement has an initial term of 10 years and provides for one renewal term of five years, subject to certain conditions. To renew the franchise and continue under a successor Franchise Agreement, if you meet the conditions for succession, you must pay us a non-refundable renewal fee equal to 25% of our then current initial franchise fee for a single BCS Makery. See Item 17.

9. *Indemnification, Insurance and Enforcement Costs*. You must defend, indemnify and hold us and our affiliates harmless from and against any claims asserted against us or our affiliates resulting from the development, operation or closure of your Franchised Business. You must also indemnify us against costs we incur to enforce the Franchise Agreement or the Development Agreement against you, such as attorneys' fees, court costs, expenses for experts and advisors, and other expenses we incur to cause your compliance with the agreements or compensate us for costs we incur directly and indirectly as a result of your breach. These costs may include the costs we incur to perform your post termination obligations to package and return inventory, remove our signage and trade dress from the Makery, restore the Makery interior as your lease requires, and cause your Makery advertising and

marketing activity to end. If we purchase required insurance for you when you fail to provide proof of insurance, we may charge you the cost of the premium we paid on your behalf plus an administrative fee of 25% of the premium amount.

10. Liquidated Damages. If we terminate the Franchise Agreement for any reason other than our default and failure to cure, within 30 days following the effective date of termination, you must pay us liquidated damages in a lump sum equal to the greater of: (1) the product of 36 multiplied by the average monthly Royalty Fees accrued during the 12-month period before the month of termination (or, if the Makery has been open less than 12 months, during the period during which the Makery has been open), and (2) $300,000. If we terminate the Development Agreement, you must pay liquidated damages in an amount equal to the balance of the initial franchise fee for each Makery that you fail to develop in accordance with the development schedule based on the initial franchise fee under the then-current form of Franchise Agreement.

11. *Commissary Royalty Fee.* If you own and operate at least three BCS Makeries and are and remain in good standing under each such Franchise Agreement, you can seek our written consent to operate a commissary to produce, sell and distribute certain Buff City Soap retail products ("Retail Products") for digital commerce fulfillment and to supply Opening Inventory Kits to other Buff City Makeries as specified by us. You must pay us the Commissary Royalty Fee on Net Sales of all Retail Products (excluding sales of Opening Inventory Kits to other BCS Makeries) sold through the Commissary. A copy of the current Commissary Agreement is attached hereto as Exhibit K.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – SINGLE MAKERY					
Nature of Expenditure	**Low Estimate**	**High Estimate**	**Payment Method**	**When Due**	**Payment To**
Initial Franchise Fee (See Notes 1 and 2)	$50,000	$50,000	Lump sum	At signing of Franchise Agreement	Franchisor
Construction and Leasehold Improvements (See Notes 3-7)	$50,000	$400,000	As incurred	Before opening	Suppliers
Furniture and Fixtures	$50,000	$100,000	As incurred	Before opening	Suppliers, Franchisor or its affiliates
Equipment (See Notes 8-9, 11)	$10,000	$50,000	As incurred	Before opening	Suppliers
Architects and Engineering	$5,000	$50,000	As incurred	Before opening	Suppliers
Other Professional Fees	$1,000	$20,000	As incurred	Before opening	Suppliers
Opening Inventory (See Note 10)	$45,000	$70,000	As incurred	Before opening	Affiliate

YOUR ESTIMATED INITIAL INVESTMENT – SINGLE MAKERY					
Nature of Expenditure	**Low Estimate**	**High Estimate**	**Payment Method**	**When Due**	**Payment To**
Opening Supplies (See Note 10)	$11,000	$15,000	As incurred	Before opening	Affiliate
Computers, software, Telecommunication, networking, security (See Note 12)	$6,000	$15,000	As incurred	Before opening	Suppliers
Interior and Exterior Signs	$7,000	$50,000	As incurred	Before opening	Suppliers
Training and Pre-Opening Expenses (See Notes 13-23)	$9,000	$15,000	As incurred	Before opening	Suppliers
Pre-Opening Labor	$8,000	$12,000	As incurred	Before opening	Suppliers
Market Introduction Budget	$15,000	$40,000	Lump Sum	Before opening	Suppliers
Insurance	$1,300	$4,000	As incurred	Before opening	Suppliers
Utility Deposits	$1,000	$5,000	As incurred	Before opening	Suppliers
Deposits and permits	$2,000	$25,000	As incurred	Before opening	Suppliers
Security System	$400	$15,000	As incurred	Before opening	Suppliers
Lease Deposit	$1,500	$25,000	As incurred	Before opening	Suppliers
Miscellaneous Expenses	$1,000	$25,000	As incurred	Before opening	Suppliers
Additional Funds - 3 Months (See Notes 22-29)	$63,000	$96,000	As incurred	After opening	Various
Total	$337,200	$1,082,000			

YOUR ESTIMATED INITIAL INVESTMENT 4 BCS MAKERY DEVELOPMENT AGREEMENT					
Nature of Expenditure	**Low Estimate**	**High Estimate**	**Payment Method**	**When Due**	**Payment To**
Development Fee (See Notes 1 and 2)	$125,000	$125,000	Lump sum	At signing of Development Agreement	Franchisor
Total Initial Investment for Single Makery	$307,200	$1,082,000			

YOUR ESTIMATED INITIAL INVESTMENT 4 BCS MAKERY DEVELOPMENT AGREEMENT					
Nature of Expenditure	**Low Estimate**	**High Estimate**	**Payment Method**	**When Due**	**Payment To**
Total	$412,200	$1,207,000	As incurred	Before opening	Suppliers

Notes to Item 7
Initial Fees

1. As discussed in Item 5, the initial franchise fee paid by you and other similarly situated Franchisees will be the same. Our initial franchise fee for a single Franchise Agreement is $50,000. If you enter into a Development Agreement your subsequent initial franchise fee will be as discussed in Item 5.

2. If you are entering into a Development Agreement with us, you will pay a development fee which will include a non-refundable fee of $50,000 for the first Franchised Business and $25,000 per additional Franchised Business, as discussed in Item 5, for granting you the right and the obligation to open the number of Franchised Businesses we will agree upon before you sign the Development Agreement, and the time you will be granted to open each location. You must agree to develop a minimum of four BCS Makeries, for which the development fee is $125,000. The development fee is non-refundable under all and any circumstances.

Leasehold Improvement and Site Development

3. These estimated costs are to build out an existing building or space to meet the image and décor we require. BCS Makery locations are between approximately 2,000 and 4,000 sq. ft. Typical BCS Makeries are located in strip centers, town squares, or other regional retail development centers within metropolitan or micropolitan areas. The cost per square foot of leasing commercial property will vary considerably depending on location, size, local market conditions and other factors. Your rent will likely include base rent, additional rent related to the Net Sales of the BCS Makery, common area maintenance and marketing charges, and proportionate shares of property taxes, insurance and other costs. Your BCS Makery must be able to accept and store bulk deliveries of product raw materials. The lease terms must also allow for on-premises mixing and finishing of our products in the Soap Makery located in the public space of the Makery.

4. We will provide you with our criteria for sites for BCS Makeries and may conduct an on-site evaluation, at our option, in connection with our review and approval of the site that you select for your first BCS Makery location. We contemplate one visit to your market, for your first Makery location only, to review with you sites that you have identified. You will reimburse us for our reasonable expenses for providing you any additional site selection or approval support including a fee of $500 together with travel, lodging, transportation, food and personnel costs incurred for any for subsequent visits.

5. We anticipate that you will lease rather than build your location. We therefore have not included any costs for land, building construction or related costs in our estimates.

6. Your net leasehold improvement costs will depend on the condition of your Makery location as delivered by your landlord and any tenant improvement allowance you may receive from your landlord in your lease. You may need to demolish existing finishes and reroute utility lines in space that was used for another purpose. You may need to finish first generation space with utilities, lighting and interior walls and ceilings. Our estimated range of costs for leasehold improvements is based upon our expectations that you will receive your Makery location from your landlord in good condition and ready for finishing with our décor package. Your landlord may provide funding for leasehold improvements.

7. You may incur architect and engineering fees in the development of your location.

Equipment, Furniture, Fixtures, Signage, Inventory and Supplies

8. You will purchase your equipment from suppliers we have approved, which may include us or our affiliates. We will provide specifications for the models of equipment you will be required to purchase for your Buff City Soap location. Our affiliates or we may be the sole supplier for certain equipment. The type and number of pieces of furniture and fixtures you require will be based on the size of the location you select.

9. We may negotiate with vendors for the price, warranties, guarantees, delivery costs and/or maintenance contracts related to the equipment, furniture and fixtures used in the development of BCS Makeries. We do not represent that we will be able to obtain for you the lowest costs or best terms available.

10. You must purchase certain opening inventory and supplies from our affiliate, BCS Supply. Those purchases are not refundable. The purchases include certain Proprietary Products including certain oils, micas, lye, scents, packaging, colorings, charcoals, clays, exfoliants and additives.

11. You will need to purchase signs for your location. All signage must be in compliance with our standards and your local building and other codes.

Computers and Telecommunications

12. You will be required to purchase or lease the point-of-sale and computer system we specify. The type and number of computers and other hardware, software, cameras and telecommunications equipment may vary depending on your location. We will specify the computer hardware, software and telecommunications equipment in the Manuals. We expect that technology will evolve during the term of your franchise and you will need to update the Makery technology at your expense when we determine such updating is necessary for the System to remain competitive.

Training

13. We will provide initial training for up to six people without any additional fee. Both you as the Franchisee and your Operator, if any, must attend training and complete training to our

satisfaction. In addition, we require that you bring to training your General Manager and your in-store trainer.

14. Initial training will be a combination of office training and on the job training and may also include training provided electronically and remotely. Training will be provided for your initial two locations at no cost, in a location designated by us and will be approximately one week in duration. We reserve the right to require training for additional locations thereafter for $2,500 per location, in which the duration of this training is 5 days. We will also provide up to ten days assistance and training at your location for your initial two locations only under the Development Agreement.

15. In addition to incurring the costs of compensation and benefits for your staff, you will incur the cost for travel and other expenses during training. We have estimated a cost for travel, hotel, meals and local transportation for you and your staff during training. The costs of travel vary greatly based on the time of year and the choices you make for hotels, number of personnel attending training and compensation paid to such personnel.

Other Expenses and Prepayments

16. We recommend strongly that you engage the services of professionals to assist you in evaluating our franchise opportunity and to help you establish your business. This may include your lawyer, accountant, and/or business advisor. The cost of their engagements will vary.

17. We will specify the minimum insurance coverage we require you to have for your Franchised Business in this disclosure document; such requirements may be modified by us from time to time in the Manuals.

18. You are responsible to identify and to acquire the permits, bonds, utilities, merchant accounts and licenses necessary to develop, open and operate the Franchised Business. Our approval for your opening of your Makery is conditioned upon, among other things, our receipt of copies of all licenses, permits and certifications as set forth in the Manuals.

19. Your Market Introduction Program will be developed by you in accordance with our standards set forth in the Manuals and is subject to our prior written approval. You will execute the Market Introduction Program as approved by us.

20. You may need to make deposits or pre-payments for rent, utilities, and other service providers related to the operation of the Franchised Business. Depending on the costs in your market, your credit and the rental terms offered in various areas of your market, you can expect significant differences in rent rates, terms and conditions. Our estimate is based on two months' rent as deposit and deposits for commercial lease parking.

21. You may incur additional expenses to develop your Makery.

22. The initial investment presented is our estimate of your investment. We expect and strongly recommend that you review our projected initial investment for the development of your Franchised Business, including but not limited to working capital, with legal and business advisors before you make a decision to invest in our franchise opportunity. We recommend

that you consider the costs in your market, the availability and costs of leases and loans including terms for payment and interest, inflation, other costs we may not have identified in developing your business plan and evaluation. You are responsible for the costs of your Franchised Business development even if it is substantially higher than our estimate. The amount stated for insurance is an annual premium that will recur and is subject to changes in insurance markets and your loss history.

Additional Funds & General

23. This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your business based on the costs our Retail Affiliates have incurred opening and operating similar BCS Makeries. This estimate includes additional funds you may need to pay employee salaries and wages, utilities, payroll taxes (including payroll to cover the pre-opening training period for your staff), fees payable to us and our affiliates, legal and accounting fees, additional advertising, insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses and other miscellaneous items.

24. We have based our estimates of initial investments on the experience of our Retail Affiliates developing and operating similar BCS Makeries, encompassing approximately 2,000 to 4,000 sq. ft. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your BCS Makery. You may have additional costs we have not identified. Regardless of any deviation or variance, you are responsible for the costs of developing your Franchised Business.

25. Please take your time in reviewing this offering and work with knowledgeable advisors including lawyers, accountants, location advisors, local contractors, engineers, architects, etc. before making any decision to invest in our franchise opportunity.

26. It is your sole responsibility to ensure that your Makery meets our System Standards and that your Makery improvements and equipment are maintained and replaced as needed throughout the term of your Franchise Agreement. You are responsible for compliance with all federal, state and local laws and regulations, including but not limited to the ADA, zoning and building codes. As a public accommodation, your Makery must be accessible to persons with disabilities.

27. Payments to us are not refundable. Payments made to third party vendors or suppliers and the opportunity to obtain a refund of any such payment are subject to the terms and conditions of those vendors.

28. If you meet the credit requirements determined by third party vendors, you may be able to obtain financing. We do not determine the terms and conditions of any financing. We do not provide any direct or indirect financing for initial franchise fees or development fees, other fees or other costs paid to us or to third parties. We do not provide any guarantees for any financing provided to you by third parties.

29. We have relied on the franchisees' experience in opening company owned Makeries, as well as the experience of licensees in opening their Makeries, to compile the foregoing estimates.

As further described in Item 6, if you own and operate at least three BCS Makeries and are and remain in good standing under each such Franchise Agreement, you can seek our written consent to operate a commissary to produce, sell and distribute Retail Products for digital commerce fulfillment and to supply Opening Inventory Kits to other Buff City Makeries as specified by us. You will be required to sign our then-current form of Commissary Agreement (Exhibit K) and the costs associated with opening and operating a Commissary currently range from $99,000 to $410,000 as follows:

YOUR ESTIMATED INITIAL INVESTMENT - COMMISSARY					
Nature of Expenditure	**Low Estimate**	**High Estimate**	**Payment Method**	**When Due**	**Payment To**
Construction & Leasehold Improvements	$10,000	$150,000	As incurred	Before opening	Suppliers
Furniture, Fixtures, & Equipment	$25,000	$75,000	As incurred	Before opening	Suppliers
Opening Inventory	$45,000	$70,000	As incurred	Before opening	Affiliate
Opening Supplies	$11,000	$15,000	As incurred	Before opening	Affiliate
Computers, Software, Telecommunication, networking, security	$4,000	$10,000	As incurred	Before opening	Suppliers
Utility Deposits	$1,000	$5,000	As incurred	Before opening	Suppliers
Deposits & Permits	$1,000	$25,000	As incurred	Before opening	Suppliers
Insurance	$1,000	$10,000	As incurred	Before opening	Suppliers
Miscellaneous Expenses	$1,000	$50,000	As incurred	Before opening	Suppliers
TOTAL	$99,000	$410,000			

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Approved and Designated Suppliers

As of the Issuance Date, you must purchase all equipment, furnishings, fixtures, supplies, packaging, computer hardware and software, and signage from vendors of whom we approve and who meet our specifications. All purchases and leases must meet our standards and specifications except as we specify in the Manuals, or otherwise in writing. You must request our consent to use vendors and suppliers not designated by us and comply with our requirements for obtaining consent of your proposed vendor or supplier, as further described below in this Item 8. BCS Supply is the supplier of raw materials and packaging, labels and accessories you will need to open and operate your BCS Makery. None of our officers owns an interest in any supplier or vendor to the BCS Makeries.

If you own and operate at least three BCS Makeries under Franchise Agreements with us and are and remain in good standing under the terms of each Franchise Agreement, you may be able to enter into a Commissary Agreement (Exhibit K) with us whereby you will be able to produce, distribute and sell Opening Inventory Kits to other BCS Makeries and certain Retail Products for digital commerce fulfillment.

Proprietary Products

We will provide to you the specifications, detailed descriptions, formulas, and personal care product "recipes" to you and provide you with the list of any ingredients, supplies, apparel, equipment, and any other merchandise or property that you must use or sell to operate the Franchised Business in accordance with the System which either (i) display the Marks or (ii) are specially configured, manufactured or produced by, or for, us in accordance with our specifications (collectively "Proprietary Products") that you must purchase, use, offer, sell and promote, and maintain in stock at Franchised Business in quantities needed to meet reasonably anticipated consumer demand, certain proprietary products, ingredients, equipment, furniture, signage and other merchandise constituting Proprietary Products. We may designate certain of these disclosures as confidential. You must purchase all Proprietary Products and ingredients for Proprietary Products from suppliers selected in our sole discretion of which we give you written notice. BCS Supply is the only approved supplier for certain oils, micas, lye, scents, packaging, facial products, colorings, charcoals, clays, exfoliants and additives. We may, in our discretion, as frequently as we deem necessary, change the identity, specifications, formulas, recipes, inventory requirements and designations, and add new products and delete existing products, from the items that we designate as Proprietary Products. You must conform to all changes immediately upon written notice from us unless our written notice specifies a later implementation date. The Proprietary Products are the essence of what differentiates the Buff City Soap brand from competitors, and we retain absolute discretion regarding the ingredients and formulations of these Proprietary Products, and whether we or BCS Supply are the sole suppliers of these items. Some of these Proprietary Products may be formulated by or for us or BCS Supply and sold to you in packaged or ready to package form, and some may be blended, formulated and packaged at the BCS Makery according to our instructions. Obtaining and using substitutes for Proprietary Products and those that you must obtain from approved suppliers is a material breach of your Franchise Agreement.

Non-Proprietary Products

We will designate all other products that are not Proprietary Products ("Non-Proprietary Products"). Non-Proprietary Products will include non-raw materials products and packaging used that must be acquired from suppliers designated by us or that meet our specifications. You must give us notice in advance of selecting such suppliers. All changes in the specifications for Non-Proprietary Products shall be communicated to you by supplements or modifications to the Manuals or otherwise in writing. You shall not place a new order for any Non-Proprietary Products with a supplier after receiving written notice of changes in the Non-Proprietary Products' specifications or that our approval of the supplier has been withdrawn or revoked.

Insurance

Before you open your Franchised Business, you must obtain the type and amount of insurance coverage for the Franchised Business we specify in the Franchise Agreement, in the Manuals or otherwise in writing. You must obtain and maintain the specified insurance coverage during the term of the Franchise Agreement from a responsible carrier or carriers authorized to write coverage in your state having an A.M. Best rating of at least A-VI that we find acceptable. The type of coverage includes:

Commercial General Liability coverage ($1 million single limit per occurrence; $2 million general aggregate limit, for both general liability and products /completed operations liability) for personal injury and property damage, including premises, independent contractors, products and completed operations, contractual, personal and advertising liability, on an occurrence basis, with coverage on a ISO form CG 24 07 or equivalent commercial general liability form policy;

"All Risk" property coverage including a property damage limit for the full cost of replacement of the BCS Makery and business interruption coverage for up to twelve months of projected earnings;

Business Automobile Liability covering liability arising out of any auto (including owned, hired and non-owned autos), with a minimum of $1 million combined single limit each accident;

Workers' Compensation or legally appropriate alternative covering all employees and contractors working at the BCS Makery for statutory limits and employers liability with minimum limits of $500,000 bodily injury for each accident, $500,000 bodily injury by disease for each employee and $500,000 bodily injury disease aggregate;

Umbrella Policy having a limit of $1 million on an occurrence basis excess of covering excess of the underlying insurance described in (1), (3) and (4) above which is at least as broad as each and every underlying policy, provided that you may purchase more underlying coverage and less umbrella coverage under such policies as long as you maintain the total amount of the limits specified for each coverage area

Other insurance as may be required by the state or locality of the BCS Makery;

Employment practices liability insurance with a limit of $500,000;

Employee Dishonesty/Fidelity insurance with a limit of $100,000; and

Data privacy/Cyber Liability insurance with a limit of at least $2,000,000.

All of the liability insurance policies, other than Workers' Compensation, must name us, Holdings, and our respective officers, directors, members, shareholders, partners and employees as additional insureds on a primary basis for operations of BCS Makery. If the additional insured has other insurance applicable to a loss, it will be on an excess or contingent basis. The additional insured's insurance coverage will not be reduced by the existence of such other insurance.

Approval of Alternative Suppliers; Product Specifications

If you would like to offer products or use any supplies or services that we have not approved, or to obtain a good or service from a supplier we have not yet approved, you first must submit sufficient information, specifications and/or samples for our determination whether the product or service complies with our System Standards or the supplier meets our approved supplier criteria. We may establish and revise our approved supplier criteria from time to time as we deem appropriate and will make them available to our franchisees upon written request. We may condition our approval of a supplier on the supplier's agreement to comply with product quality standards, frequency of delivery, standards of service, and concentration of purchase requirements. We also may impose limits on the number of approved suppliers, products and services. Our approval should not take more than 60 days in most instances. We reserve the right to test supplies and inspect the premises of suppliers before granting our approval. We will invoice you for the supplier approval fee then in effect, plus out-of-pocket costs and expenses we incur for any inspection or testing. We will not issue our approval of the supplier until you pay that invoice. We may terminate our approval of a supplier or any products or services at any time, with or without cause, upon reasonable written notice. Because the use of the highest quality, natural ingredients is an important part of our business model, we will monitor your chosen suppliers and may require that you select a different supplier if the supplier does not consistently meet our System Standards for quality.

We will formulate and modify our technology, product and ingredient specifications and standards by reviewing each product on an individual basis, taking into consideration the supplier's ability to provide consistently high-quality products to you or our approved suppliers on a timely basis. We generally will formulate specifications and standards based on the quality of the products and other relevant factors. We periodically may review each product and respective supplier to make sure that the supplier is following the specifications and standards.

We may issue some of our technology, product and ingredient specifications and standards to our approved suppliers under appropriate confidentiality restrictions, but not to our franchisees. We may undertake other steps to maintain trade secrets and confidentiality of proprietary recipes and formulations, software and other items.

Revenue from Franchisee Purchases

We or our affiliates may derive revenue or other benefits based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates

may use all amounts received from you or suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate.

We did not receive any revenue from required purchases or leases of goods or services by franchisees during our 2020 fiscal year. In our 2020 fiscal year, franchisees paid BCS Supply $9,406,652 for inventory and supplies. As of the Issuance Date, we derive no revenue or other material consideration from franchisee purchases. We or BCS Supply may derive revenue from suppliers from franchisee purchases in the future in our sole discretion.

Percentage of Total Purchases Represented by Required Purchases

Required purchases consist of items you must purchase from approved suppliers or under our established specifications. Your required purchases will represent approximately 90-100% of your total opening expenses (excluding the cost of real estate and improvements) and approximately 95% of your continuing required purchases and leases.

Payments to Franchisor from Designated Suppliers

We intend to negotiate preferred vendor agreements with approved suppliers that we expect will provide favorable pricing and delivery terms to franchisees, as described below. These agreements may pay us revenues based on the volume of franchisee purchases, which may be measured in sales dollars or units sold. These arrangements are not in effect as of the Issuance Date, but we expect them to be in place in the future. We expect Affiliate BCS Makeries to purchase at the same prices and terms as franchised terms from these suppliers.

Cooperatives

We will have the right to require you to participate in a national or regional approved purchasing cooperative for the area in which your Franchised Business operates. We do not have any purchasing or distribution cooperatives in place as of the Issuance Date.

Negotiated Purchases

We may, at our option, negotiate purchase arrangements or discounts for your Franchised Business. Certain of our suppliers may allow you to participate in the volume discounts we receive. However, these volume discounts will extend only to pricing terms and will not include any of the credit terms we have negotiated. We do not otherwise negotiate purchase agreements on behalf of our franchisees or any distribution cooperative, and do not guarantee pricing, credit or other terms for our franchisees. A particular supplier arrangement may not be available to you as the availability of these arrangements may vary depending on whether the supplier services the area in which your Franchised Business will be located.

Material Benefits

We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

Franchise Agreement

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in that agreement and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	5(a), 5(b) and 5(c)	11
b. Pre-opening purchases/leases	7(a), 7(d), 7(e), 8(a), 8(b), 8(c) and 11(h)	8
c. Site development and other pre-opening requirements	5(e), 5(f), 6 and 10(f)	6, 7 and 11
d. Initial and ongoing training	6	11
e. Opening	5(f)	11
f. Fees	3(c)(4), 4, 18(c) and 18(d), and Section 4(f) of the Development Agreement.	5 and 6
g. Compliance with standards and policies/operating manual	7(a) and 11(a)	11
h. Trademarks and proprietary information	16 and 19(b)	13 and 14
i. Restrictions on products/services offered	2(e), 7(a), 7(d), 7(f), 11(g) and 11(h)	16
j. Warranty and customer service requirements	11(i)	11
k. Territorial development and sales quotas	2 and Exhibit G	12
l. Ongoing product/service purchases	7, 8 and 11(h)	6, 8 and 11
m. Maintenance, appearance, and remodeling requirements	7(b), 7(c) and 8(a)	11
n. Insurance	15	6, 7 and 8
o. Advertising	10	6, 7 and 11
p. Indemnification	23	6
q. Owner's participation/management/staffing	7(a) and 13	11 and 15
r. Records and reports	4(g), 14(a) and 14(c)	11
s. Inspections and audits	5(e), 7(f), 8(a) and 14(b)	6, 8 and 11
t. Transfers	18	6 and 17
u. Renewals	3(b) and 3(c)	17
v. Post-termination obligations	21	17
w. Non-competition covenants	19(a) and Exhibits B and D	17
x. Dispute resolution	26	17

Commissary Agreement

This table lists your principal obligations under the Commissary Agreement. It will help you find more detailed information about your obligations in that agreement and in other items of this Disclosure Document

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2(c)	11
b. Pre-opening purchases/leases	2(e)	8
c. Site development and other pre-opening requirements	2	6, 7 and 11
d. Initial and ongoing training	1(a) and 9	11
e. Opening	2(a)	11
f. Fees	6	6
g. Compliance with standards and policies/operating manual	7 and 8	11
h. Trademarks and proprietary information	12 and 13	13 and 14
i. Restrictions on products/services offered	2(f), 4 and 5	16
j. Warranty and customer service requirements	10	11
k. Territorial development and sales quotas	N/A	N/A
l. Ongoing product/service purchases	7, 8 and 11(h)	6, 8 and 11
m. Maintenance, appearance, and remodeling requirements	2(d)	11
n. Insurance	16	6, 7 and 8
o. Advertising	10	6, 7 and 11
p. Indemnification	16	6
q. Owner's participation/management/staffing	10(b)	11 and 15
r. Records and reports	14	11
s. Inspections and audits	8(c) and 15	6, 8 and 11
t. Transfers	17	6 and 17
u. Renewals	N/A	17
v. Post-termination obligations	19	17
w. Non-competition covenants	1(a) and 1(b)	17
x. Dispute resolution	1(a) and 1(b)	17

Development Agreement

This table lists your principal obligations under the Development Agreement. It will help you find more detailed information about your obligations in that agreement and in other items of this Disclosure Document.

Obligation	Section	Item
a. Site selection and acquisition/lease	5	11
b. Pre-opening purchases/leases	Not Applicable	8
c. Site development and other pre-opening requirements	4 and 5	6, 7 and 11
d. Initial and ongoing training	Not Applicable	11
e. Opening	4 and 5, Exhibit A	11
f. Fees	6(a), 11(c), 11(f) and 12(f)	5 and 6
g. Compliance with standards and policies/operating manual	5	11
h. Trademarks and proprietary information	2(b), 8(b) and 13(b)	13 and 14
i. Restrictions on products/services offered	Not Applicable	16
j. Warranty and customer service requirements	Not Applicable	17
k. Territorial development and sales quotas	2 and 4 and Exhibit A	12
l. Ongoing product/service purchases	Not Applicable	8
m. Maintenance, appearance, and remodeling requirements	Not Applicable	11
n. Insurance	Not Applicable	6 and 8
o. Advertising	Not Applicable	6 and 11
p. Indemnification	10 and 11(f) and Exhibit C	6
q. Owner's participation/management/staffing	7(f) and 7(g)	11 and 16
r. Records and reports	Not Applicable	6
s. Inspections and audits	Not Applicable	6
t. Transfers	11 and Exhibit C	6 and 17
u. Renewals	3(b)	17
v. Post-termination obligations	13	17
w. Non-competition covenants	8(a) and Exhibits C and E	17
x. Dispute resolution	26	1

ITEM 10

FINANCING

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

ITEM 11

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

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

Pre-Opening Assistance

Before you open your Franchised Business:

(1) We will designate the territory for your Franchised Location. (Franchise Agreement Sections 2 and 3)

(2) We will provide you with advice and consultation in the selection of sites for Franchised Location(s) through the use of the site selection and evaluation forms, criteria and supporting materials that we make available to franchisees. (Franchise Agreement Section 5(a); Development Agreement Section 5(a))

(3) We will review the information you submit for each proposed site for a Franchised Location, conduct any investigation of the proposed site we deem appropriate to evaluate the site, and accept or reject the site. (Franchise Agreement Section 5(b); Development Agreement Section 5(b))

(4) We will accept or reject each site within 30 days after your submission of all initial and supplemental information we request regarding a proposed site. If we accept the site, we will give you notice of any remaining conditions to that acceptance. Under the Development Agreement, we will tender the Franchise Agreement for the accepted site. (Franchise Agreement Section 5(b); Development Agreement Sections 5(b), 5(c), 5(d))

(5) We reserve the right to review, and in our reasonable judgment, approve each letter of intent, lease, sublease or purchase agreement (and any renewals and amendments thereof) that will govern your acquisition, occupancy and/or lawful possession of the Makery premises. (Franchise Agreement Section 5(c)).

(6) We will provide you with our standards for finishes, specifications for layout of the interior, mechanical and electrical systems, equipment, décor and ironwork and signs for a prototype Franchised Business that we make available to franchisees. (Franchise Agreement Section 5(e))

(7) We will review your site plan and final plans and specifications for conformity to System Standards. (Franchise Agreement Section 5(e)))

(8) We will loan you one copy of the Manuals or may grant access rights on our secure website for franchisees. (Franchise Agreement Sections 11(a)

(9) We will provide you up to 10 days total of training in one or more BCS Makeries in Memphis, Tennessee, Dallas, Texas and at your BCS Makery to assist you with the new Makery opening activities for your Franchised Business. (Franchise Agreement Section 6(a))

(10) We will provide you with the services of an on-site training team for a period of time to assist you with the pre-opening activities for your Franchised Business. (Franchise Agreement Section 6(b)).

(11) We will provide you with information regarding approved, required and preferred products, services and suppliers. (Franchise Agreement, Section 7(d))

(12) We will provide you with a template plan for pre-opening marketing and accept or reject your proposed plan for pre-opening marketing. (Franchise Agreement, section 10(f))

Site Selection

We will not select the site for your Franchised Business. You will have responsibility for selecting the site for your location and submitting information on the site approval form we include in the Manuals. The proposed site must comply with our site selection criteria (which are included in the Manuals). We have the right to accept or reject the site you select. We will not unreasonably withhold our acceptance of a site that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. In determining whether to accept or reject a proposed site, we also may consider the site's proximity to both boundaries of the Protected Area and to other existing or proposed Studios located outside the Protected Area boundaries. If we do not accept the proposed site within such 30-day period, the proposed site will be deemed rejected. The factors for site consideration may change after you sign a Development Agreement and before you submit each proposed site under a Development Agreement. The site or lease we accept may not be successful for your Franchised Business. We have no obligation to provide any assistance in locating a site, negotiating the lease, conforming the premises to local codes and ordinances, obtaining permits, constructing, remodeling or decorating, hiring and training employees (except for the training we provide described in training below), or providing for necessary equipment, signs, fixtures, opening inventory and supplies. You must propose a site within 60 days after the effective date of the Franchise Agreement and acquire the right to occupy the site within 30 days after our approval of the site. The grant of any extension of time to complete this phase of pre-opening is at our sole discretion. If you fail to acquire the right to obtain an approved site within 30 days following our approval, we may terminate your Franchise Agreement without giving you any time to cure. (Franchise Agreement, Section 5(d))

Under our form of Development Agreement, you must agree to open at least four Franchised Locations under a specified development schedule (the "Development Schedule"). You must develop BCS Makeries in accordance with the Development Schedule described in the Development Agreement, which contain the site selection and approval requirements described above. If you are developing a Makery under a Development Agreement, you may request the right to extend the deadline within which you must propose a site for our approval, subject to your payment of the applicable extension fee (Development Agreement, Section 4(f)). Once we approve each site, you will sign our then-current form of Franchise Agreement and the deadlines for developing the BCS Makery in the Franchise Agreement will apply.

Typical Length of Time to Open

Based on the experience of our company-owned Makeries, we estimate that it will take approximately 60 days to select a location and execute a lease and 90 days to build out the location. Except as extended by us, your Franchised Business must be open and operating by the "Opening Date" established by us when we approve the site. A Makery site that requires renovation instead of a new build may take less time to design and build. Factors that may affect that time period include obtaining site acceptance from us, making any necessary financial arrangements, obtaining required permits, designing the space, ordering the equipment and inventory, and obtaining necessary labor and materials. (Franchise Agreement Section 5(f))

Post-Opening Assistance

(1) Provide you with information regarding approved, required and preferred products, classes, services and suppliers. (Franchise Agreement Sections 7(c) and 7(d))

(2) We will provide you with ongoing access to the Manuals, which we may update from time to time. (Franchise Agreement Section 11(a))

(3) We will provide training programs to replacement management personnel and conduct additional and remedial training as you may request or as we determine necessary. (Franchise Agreement, Sections 7(c) and 7(e))

(4) We will conduct periodic field evaluations and quality assurance inspections of BCS Makery to test and promote its compliance with System Standards and quality controls. (Franchise Agreement Section 14(b))

(3) We will maintain and administer directly or through our affiliates the general marketing and development fund (the "Brand Fund") as described below in this Item. We will prepare upon your request an annual statement of monies collected and costs incurred by the Brand Fund and furnish a statement to you. (Franchise Agreement, Section 10)

Except as listed above, we do not have any obligation to provide you with assistance regarding (1) developing services or products your Franchised Business will offer to your customers; (2) the hiring or training of your employees; (3) the improving or developing your Franchised Business; (4) establishing prices; (5) establishing and using administrative, bookkeeping, accounting or inventory control procedures; or (6) resolving operating problems you may encounter.

Advertising

At least 60 days before the Opening Date, we will provide you a template plan for the Market Introduction for the Makery, including a budget template and our market introduction materials. You must develop and submit, at least 30 days before the Opening Date, your plan for Marketing Introduction that conforms to our template, complies with the standards for Market Introduction of BCS Makeries, and provides for spending at least the Marketing Introduction Budget (see Item 7, Note 23). We will accept or reject your Market Introduction plan within 10 business days. You must timely execute your Market Introduction plan, once approved by us. We require documentation of your expenditures under and execution of your approved Marketing Introduction plan. These Market

Introduction obligations are in addition to your Brand Fund Contribution and Local Marketing Expenditure. (Franchise Agreement Section 10(f))

We will conduct advertising in regional and national media using the funds available in the Brand Fund described below. We may use print, broadcast and on-line or electronic media, social media, direct mail and other promotional materials as funds permit. We will utilize a combination of in-house and advertising agency resources to produce advertising. We are not required to spend any amount on advertising in your Protected Area.

Brand Fund

We have established and administer a Brand Fund for the creation and development of marketing, advertising, and related programs, campaigns and materials (the "Brand Fund"). As of the Issuance Date, you must pay us a weekly Brand Fund Contribution equal to two percent (2%) of the Net Sales of the Franchised Business for the preceding week. We will direct all initiatives relating to the positioning of the Brand using the Brand Fund. We will account for all Brand Fund Contributions we collect in a separate account. The Brand Fund will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, and overhead as we may incur in activities related to the administration of the Brand Fund and its programs.

We may use the Brand Fund to pay the costs of research, agency of record services, market research, creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, Product and customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, Social Media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; and supporting public relations, maintenance of the System websites, and online presence; and such other advertising, marketing, and promotional activities as we determine are appropriate for BCS Makeries and the Marks and System under which they operate. You will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Makery in that you will either reimburse us for media and marketing placement or directly pay a third-party advertiser for placement of the media or marketing materials. The Brand Fund will furnish you with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when we consider it appropriate. Multiple copies of such materials will be provided to you at your cost plus any related shipping, handling, and storage charges. We may, at our sole option, increase the Brand Fund Contribution upon 60 days' prior notice to you, subject to the limitation stated under "Local Marketing" below.

We may spend, on behalf of the Brand Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all BCS Makeries to the Brand Fund in that year, and the Brand Fund may borrow from us or others to cover deficits or may invest any surplus for future use. Any monies in the Brand Fund not spent at the end of each fiscal year will remain in the Brand Fund, provided that amounts contributed to the Brand Fund may be used to pay taxes associated with unspent amounts on deposit in the Brand Fund. We will have the sole and exclusive discretion to direct all activities and programs funded by the Brand Fund. The Brand Fund will not be separately audited. We will, upon your written request (but not more than once annually), provide a copy of our

unaudited annual statement of monies collected and costs incurred by the Brand Fund. We have no obligation to ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contributions made by franchised BCS Makeries in that geographic area, nor are we obligated to ensure that your Makery or any other BCS Makery will benefit directly or in proportion to your or its Brand Fund contribution, or that all BCS Makeries operated by us or any of our affiliates will pay the same Brand Fund Contribution. As of the Issuance Date, the BCS Makeries operated by us and/or our affiliates do not contribute to the Brand Fund. We may terminate and reinstate the Brand Fund at any time. If the Brand Fund is terminated, all unspent monies will be distributed to franchisees operating a BCS Makery in proportion to their respective contributions to the Brand Fund accrued during the preceding three-month period. (Franchise Agreement Section 10(a)).

In our 2020 fiscal year, franchisees contributed $758,719 to the Brand Fund. The Company subsidizes, at its option, the Brand Fund. During the 2020 fiscal year, the expenses were as follows:

Type of Expenditure	Amount	Percentage
Production	$49,125	6%
Public Relations	$99,423	13%
Digital and SEO	$4,625	1%
Agency Services	$206,571	27%
In-House Agency Services	$357,850	47%
Other	$41,125	5%
TOTAL	**$758,719**	**100%**

We will not use the Brand Fund to solicit new franchise sales. Consumer advertising copy for which the Brand Fund pays may include solicitations of interest for prospective franchisees.

Local Marketing Expenditure

In addition to your contributions to the Brand Fund, you must make the Local Marketing Expenditure in the amount that we establish periodically. Your Local Marketing Expenditure combined with your contributions to the Brand Fund for the applicable fiscal quarters (if any), will not exceed 4% of Net Sales (which we will allocate, at our sole option, among the Brand Fund and the Local Marketing Expenditure), during any period consisting of four consecutive fiscal quarters. As of the Issuance Date, the initial Local Marketing Expenditure is 1% of Net Sales. At our request, you will provide us copies of invoices and other documentation reasonably satisfactory to us evidencing compliance with the Local Marketing Expenditure. If we determine that your Local Marketing Expenditure, combined with your Brand Fund Contributions, total less than the then-current percentage of Net Sales required by us during the then-most recently completed four consecutive fiscal quarters, we may notify you of any additional amounts that you must spend (up to the then-current percentage of Net Sales required by us) on local marketing. If you have not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the fiscal quarter in which you receive such notice, we may collect those unspent amounts directly from your account and contribute them to the Brand Fund, without any liability or obligation to use such funds for your local advertising. We will provide you with not less than 30 days' notice of any change in the amount of the Local Marketing Expenditure.

You must engage in local advertising, marketing and promotional activities and campaigns in accordance with our then-current standards and the Manuals. All such local advertising, marketing and promotional activities and campaigns must be approved by us in advance in writing. The Local Marketing Expenditure will be used to pay for the cost of implementing local marketing plans developed by us and adapted and implemented by you with our approval.

We will own the copyrights to any materials and campaigns submitted, regardless of whether we approve the materials and campaigns. We control all profiles that use or relate to the Marks, that display the Marks, or that are maintained on Social Media websites and applications and all other similar websites and applications. We may use part of the Brand Fund monies to pay or reimburse the costs associated with the development, maintenance, and update of such profiles. (Franchise Agreement Section 10(d))

Advertising Cooperatives

We may, at our sole option, require you to participate in certain local or regional advertising cooperatives organized and/or approved by us and composed of certain other BCS Makeries located in the geographic area in which your Makery is located. If you are required to participate in an advertising cooperative approved by us, you will be required to execute our then-current standard advertising cooperative agreement. We may terminate any advertising cooperative as permitted under the terms of the applicable cooperative advertising agreement. We may require advertising cooperatives to be formed, changed, dissolved or merged. (Franchise Agreement Section 10(j))

Special Promotions

In addition to the national, regional and local advertising described above, we may periodically develop and administer advertising, marketing and sales promotional programs in which you must participate upon the terms and conditions that we establish. Such programs are in addition to your Local Marketing Expenditure and may include marketing promotions, Product promotions, specialized Product offerings/limited time offers and similar programs. We will determine all phases of this advertising, marketing and promotion in our sole discretion. (Franchise Agreement Section 10(e))

Advertising Council

We currently have no advertising council composed of franchisees. We have no obligation to create an advertising council. We may develop such in future.

Computer Systems

You must purchase and install before opening your Franchised Business the Technology System that we require, including the hardware and software to run a computer-based point-of-sale ("POS") system and BCS Makery management system that we require, including the appropriate recipe system equipment and/or printers. We will advise and work with you to select these systems from our approved solutions. We estimate the cost to purchase the required POS and BCS Makery management systems, including file server, touch-screen display, customer display, thermal printer, software and all related peripherals, from an approved vendor is $6,000 to $15,000. Upon your request and subject your payment of the then-current fee set forth in the Manuals, we may provide

assistance in developing and planning installation of the Technology System. You will pay the Technology Fee in connection with your use and access of the POS System. The Technology Fee may be modified at any time to reimburse us for costs incurring in modifying any proprietary software that we license to you and other components of the Technology System. We and our affiliates have no obligation to provide ongoing maintenance, repairs, upgrades or updates to your POS or BCS Makery management systems. (Franchise Agreement Section 8(a))

We have independent access to the information generated and stored on the POS System. Upon notice to you, at your cost and expense, the POS System will be electronically linked to our or our affiliate's intranet. You will provide us access to any POS System information as we require, with or without notice, to retrieve transaction information, including customer, sales, sales mix, usage, and other operations data as we consider appropriate. There are no contractual limitations on our right to access this information. We may require you to update periodically, upgrade or replace the POS System, but you will not be required to replace the POS System more than once every five years. (Franchise Agreement Section 8(b))

We may mandate that you offer free wireless internet access or other accepted means of communication for customers in your BCS Makery. The approved vendor of the hardware systems may charge you a fee for maintenance, repairs, updates and upgrades to hardware. The annual cost of such maintenance, repairs, updates or upgrades will depend upon your agreement with the relevant hardware vendor. We estimate the total annual cost to you of optional or required maintenance, updating or upgrading hardware is $500 annually for hardware and $1,000 every other year for software.

If we designate proprietary software, you will, at our written request, license or sublicense the software from us, our affiliate, or other designee and enter into a software license agreement on the licensor's then-current form. You must purchase any upgrades to the proprietary software at your sole cost and expense. (Franchise Agreement Section 8(c))

We may, at our option, establish and maintain an intranet through which you and we may communicate. We will have control over all aspects of the intranet. At our option, we may post, update and disseminate the Manual and other confidential information through the intranet. The intranet facility and all communications that are posted or to be posted to it will become our sole property. If established, we will have no obligation to maintain the intranet indefinitely, and we may modify or dismantle it at any time. (Franchise Agreement Section 8(d))

You may be provided access to various computer or electronic systems (or any substitute thereof), including third-party computer or electronic systems made part of the System. You will be responsible for your actions and the actions of your personnel relating to such computer and electronic systems. All of your connectivity or attempted connectivity to our computer and electronic systems will be only through our security gateways or our firewalls. You may not access and will not permit unauthorized persons or entities within your control to access, our computer or electronic systems without our express written authorization. You must comply with our systems access requirements and related Standards with respect to the computer and electronic systems. (Franchise Agreement Section 8(e))

You should expect to update your BCS Makery customer service and entertainment systems, computer, product manufacture, business management, training, and communications technology

periodically during the term of your Franchise Agreement to keep pace with the evolution of such technology and its applications in retailers. We may designate ourselves or an affiliate as the sole source of technology you are required to obtain, operate and maintain for the BCS Makery.

All personally identifiable information (names, addresses, email addresses, telephone numbers, credit card information or any other information by which one is reasonably able to identify personally one or more persons) obtained from customers of the Makery is considered Customer Data. All information, mailing lists and databases of Customer Data, from whatever source derived, will be our property. You may not use Customer Data, except in connection with the operation of your Makery and consistent with the Franchise Agreement. You may not use, process, copy, display, publish, store or transfer the Customer Data without our written approval. You must fully comply with applicable law in connection with Customer Data.

Manuals

The Table of Contents for the Manuals, showing the topics and number of pages dedicated to those topics, appears as Exhibit I to this Disclosure Document. The Manuals have a total of approximately 215 pages. We implement and enforce the Manuals and System Standards to promote our brand, enhance consistency among our Makeries, and protect the goodwill of the Marks. Any aspect of the Manuals that relates to any aspect of the terms and conditions of employment for your employees is not mandatory and is merely suggestive or provides only recommendations.

Training

Subject	Pre-Training Hours	Hours of Classroom Training	Hours of On-The-Job Training	Location
Pre-Opening Marketing (for 1st BCS Makery only)	4 (one 2-hour call and two 1-hour calls)	N/A	2	Conference Call Meeting and Corporate Office
Products, "Recipes" and Ingredients Review	2	N/A	N/A	Corporate Office
Concept Introduction	N/A	1	N/A	Store Location
Position Training, Customer Service and Quality Control	N/A	4	54	Corporate Office and Store Location
POS Training	N/A	2	4	Store Location
Business Administration	N/A	N/A	6	Corporate Office
Marketing, Advertising and Promotion	N/A	2	N/A	Corporate Office
Financial Management	N/A	N/A	4	Store Location
Total Hours	**6**	**9**	**70**	

Training Program

Your Operator, your General Manager, and those of your personnel designed by us must attend our initial training program. As of the Issuance Date, we will provide our initial training program to your Operator, your General Manager, up to two store trainers, and up to two soap makers.

If authorized by us in writing after the development of your first Makery, your Operator and General Manager (if different individuals) may also be the trainer. Where space is available in a regularly scheduled initial training program, you may bring additional personnel (up to two total) to training at no additional cost other than such personnel's travel and staff costs incurred. The Buff City Soap training program will be for up to 10 days in duration and will be held in the metropolitan Memphis, Tennessee area, Dallas-Fort Worth metropolitan area and/or another location selected by us as well as in your location.

Any replacement or substitute Operator and General Manager must complete initial training for their respective positions to our satisfaction prior to serving in such positions. We reserve the right to charge a reasonable fee for any initial training provided to any replacement or successor Operator, General Manager or other management personnel as we require.

While it is recognized that training and certification is a critical element to maintaining brand standards, we equip you with the ability to conduct training and certification of your own staff. Following the training and certification of completion by you, we, during periodic field visits, will evaluate the ability of your staff to perform their individual jobs to brand standards and will consult with you about retraining their staff if any deficiencies are noted. Management and staff training will be your sole responsibility and will be conducted by you and your management.

Buff City Soap's initial training program may include on-line training, classroom sessions, actual work experience and a train-the-trainer program. In addition, Buff City Soap may develop pre-training materials (print and electronic) that you and other attendees will be required to complete prior to attending initial training. You may be required to show competency in the pre-training material prior to attending training. Failure to show competency in the pre-training material may result in you not being able to attend initial training and may result in an additional training fee of $5,000.00.

There is no tuition or materials charge for initial or pre-training, but you will be responsible for all travel and living expenses for yourself, your Operator, General Manager, and any other personnel that attend initial training or participate in any other training. Subject to the limitation of space being available, you may bring to initial training additional personnel, at no additional fee. You should consult with us in advance of training to determine if additional space is available.

We reserve the right to establish additional training fees, other than those specified, during the term of the Franchise Agreement. Certain course material may not be available to all of your staff, and we reserve the right to determine which of your staff may attend certain modules of training. All training must be completed to our satisfaction.

With respect to your first BCS Makery, once the BCS Makery has been approved for opening by us, we will provide up to five days (as determined by us in our sole discretion) of additional training and opening support locally, including product production and on-site sales support. There is no additional fee paid to us for this initial on-site support and training. With respect to any opening support that we agree, in our sole discretion, to provide to you after your first BCS Makery, you must pay our then-current fee. You will also receive periodic field support and consultation in person, electronically, etc. during the term without any additional fee (discussed further below).

We proctor the intensive, initial training program at the designated location for a period of three weeks. We will schedule your training program to occur after a Franchise Agreement has been signed and based on an established opening date. After Operator, General Manager and trainer have been successfully completed initial training and are operating a BCS Makery, we offer additional training programs on an "as needed" basis.

Trainer	**Years of Experience in Retail**	**Years of Experience with Us**
Matt Froehle – Director of Training	23	2
Sarah Bienz – Training Operations Manager	4.5	4.5
Michael Welyczko – Corporate Trainer	5	8 months
Mackenzie Muniz – Corporate Trainer	3	1
Tara Ashley – Corporate Trainer	4 months	4 months
Lindsay Bready – Corporate Trainer	5	4 months

The initial training program is mandatory for your Operator, General Manager and trainer and is to be completed at a minimum of 21 days prior to the BCS Makery opening date. Upon the final week of the training program, we will conduct a thorough evaluation outlined in the Manuals. The Operator and General Manager must pass the evaluation to be certified to operate the Franchised Business. We may modify an opening date you propose based upon the projected date of successful completion of the training program by the Operator and/or General Manager. We require that you must always have a certified manager in the BCS Makery and/or be in the process of having a manager trained and certified.

The resources used during and after the completion of the required training are "Buff City Soap Training Manual," incorporated as part of the Manuals. We currently do not charge for training material, but we may do so in the future.

There is a no tuition charge for the initial training program for a new BCS Makery. You are responsible to pay all compensation, benefits, travel expenses, living expenses, and any other personal expenses for your nominees enrolled in the training and support training programs. Additionally, should your scheduled training date change within the two weeks prior, you will be responsible for excess travel fees for changes incurred by the training team. If a trained manager leaves your employment for any reason, you must hire a replacement manager within 30 days who must attend the next training program class slot we make available. We reserve the right to charge a tuition charge of up to $2,500.

We may conduct training at an annual convention or regional meeting. We may require that your Operator, General Manager, assistant manager and those other management personnel as we require attend this training. We may include the training tuition in a convention or meeting fee, or may charge separately for training tuition, up to $1,500 per event per person.

ITEM 12

TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate a single Franchised Business at the Franchised Location. You must operate the Franchised Business only at the Franchised Location and you may not relocate the Franchised Location without first obtaining our written consent. You may not establish or operate another Franchised Business unless you enter into a separate Franchise Agreement for that Franchised Business.

When you sign the Franchise Agreement, unless you have selected and we have accepted the precise location of the Franchised Business, we will designate an area defined by zip codes, a map, shopping areas, or other means (the "Designated Area"). You must find a location acceptable to us within the Designated Area during the 60-day period after you sign the Franchise Agreement. During this period, we will not grant a BCS Makery franchise to any other party and our Affiliates will not open or develop another BCS Makery within the Designated Area. When we accept the location within the Designated Area you propose, we will fix the boundaries of a "Protected Area" for the Franchised Business. Your Protected Area will be limited to the shopping center or retail center of the Franchised Location as identified on your Makery lease. During the term of the Franchise Agreement, neither we nor our affiliates will operate, franchise or license any other person or entity to operate a BCS Makery in the Designated Area until your Protected Area is identified, and, thereafter, will not operate or authorize any person other than you to operate a BCS Makery in the Protected Area. This restriction will not apply to any BCS Soap operating or under development by any person within the Designated Area as of the effective date of the Franchise Agreement. The Protected Area will be determined by us and stated in an Exhibit G of the Franchise Agreement that we send you.

The continuation of territorial protection under the Franchise Agreement does not depend on the achievement of any specific sales volume, market penetration or other contingency. We retain no rights to modify your Protected Area. We generally will consider the relocation of a Franchised Business under the same criteria as we would consider for an application to approve any new location, such demographics, traffic patterns, physical site profiles, access, parking, competition in the market area, and other factors.

We retain all rights inside and outside the Protected Area except those that are expressly granted to you in the Franchise Agreement. Without limiting the preceding sentence, we retain the right:

(1) to advertise and promote the System within and outside the Protected Area;

(2) to operate and license or franchise other persons to operate a BCS Makery at any location outside of your Protected Area;

(3) except for the restriction against the establishment of another BCS Makery in the Protected Area, to offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at BCS Makeries (such as packaged personal care products,

clothing, merchandise and other Buff City Soap memorabilia), under the Marks or other trademarks at or from any location or through any channel of distribution (spas, salons, boutiques, supermarkets, discount stores, department stores and convenience stores, hospitals, health care facilities, airports, stadiums, business or industry locations (*e.g.* manufacturing site, office building, distribution facilities), military installations, military commissaries, universities, schools, the internet (or any other existing or future form of electronic commerce), other retail locations or wholesale channels and other retail facilities such as kiosks and multi-brand facilities providing a limited number or representative sample of the Products and services normally offered by a BCS Makery);

(4) to establish and operate, and license others to establish and operate, any business other than a BCS Makery, including other shops or retail businesses, under the Marks or under other marks, including Makeries or other businesses that we or its affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and

(5) to establish and operate and license others to establish and operate, BCS Makeries and other retail facilities in any Reserved Area whether or not located within the Protected Area. A Reserved Area is any location that by its nature is unique and separate in character from locations generally developed as BCS Makeries, which include military bases, airports, shopping malls, hospitals, campuses, schools, hotels, casinos and other mass gathering locations or events. Because we may operate and authorize others to operate BCS Makeries in any Reserved Area, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You do not have the right to establish any additional or alternative channels of distribution without the express written permission of us that may be withheld at our sole discretion.

There are no restrictions on your soliciting or accepting customers from any area. There are no restrictions on your soliciting or accepting custom orders and scheduling on-site parties and classes from customers located outside your Protected Area. You may make sales outside your Protected Area, provided that all such activity is conducted from your Franchised Location.

We and our affiliates may develop alternative distribution channels for our proprietary products and those alternative distribution channels may compete with you. We provide no assurances that those alternative distribution channels will be offered as franchises or, if offered as franchises, that they will be offered to BCS Makery franchisees in those market areas.

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

We and our affiliates operate, license and may in the future franchise personal care product retailers under a different trademark (an "Affiliate Concept") that sells or will sell goods or services similar to those a System franchisee will offer, or goods and services that are not similar to those a System franchisee will offer. Such a business could be located or have an outlet in the Protected Area. Affiliate Concept outlets may compete with your BCS Makery. Such Affiliate Concept outlets could be located or have an outlet in or near the Protected Area. The Franchise Agreement and Development Agreement we sign do not restrict or limit the ability of us or our affiliates to create, open, operate and franchise Affiliate Concepts within or outside the Protected Area. You have no right or option to participate in any franchise or license program, or to own an Affiliate Concept outlet, or to be paid

any compensation relating to an Affiliate Concept outlet. We may join with our affiliates to leverage the buying power of all Affiliate Concept outlets and the System to obtain better quality service, pricing and availability from common approved suppliers, purveyors, and vendors of goods and services used by the BCS Makery chains.

Development Agreement

The Development Agreement identifies the development territory within which you must develop multiple Franchised Locations under the Development Schedule (the "Territory"). The Territory will be a geographic area described in the Development Agreement and chosen by a method of delineation that we determine is appropriate under the circumstances. During the term of the Development Agreement, we will not operate or license any other person or entity to operate a BCS Makery within your Territory or operate, directly or indirectly, nor grant to persons the right to operate, a Competitive Business (as defined in the Development Agreement and as described in Item 17) located within the Territory; provided that, we and our affiliates will have the right to: a) establish and operate, and grant persons the right to establish and operate, Competitive Businesses located within the Territory under marks and business methods the rights to which are acquired by us and our affiliates pursuant to, as the result of, or in connection with a merger with or acquisition by any entity or acquisition by us or our affiliates of any entity, including an asset transfer; and b) in such case, operate or grant to persons the right to operate such Competitive Business as a BCS Makery. We reserve with respect to the Territory the same rights that we reserve with respect to the Protected Area described above.

We will determine the Territory and the Development Schedule before you sign the Development Agreement, based on various market and economic factors such as an evaluation of the market demographics, the market penetration of the System and similar businesses, the availability of appropriate sites and the growth trends in the market. Failure to comply with the Development Schedule is a material breach of the Development Agreement and will result in termination of your right to develop additional BCS Makeries in the Territory. The factors we consider in our decision to accept or reject a proposed site may change during the term of the Development Schedule under the Development Agreement, and we will use our then-current criteria to evaluate each site.

ITEM 13

TRADEMARKS

The Franchise Agreement grants you the right to operate a Franchised Business under the Marks. Holdings has registered with the United States Patent & Trademark Office ("USPTO") on the Principal Register the following Marks identified in the "Registration No." column. Holdings has

applied for registration with the USPTO on the Principal Register the following Marks identified in the "Application No." column.

Mark	Registration/Application Date	Registration No.	Application No.	Goods and Services
BUFF CITY SOAP	February 13, 2018	5399187		IC 003; IC 021
	January 15, 2019	5654079		IC 003
SOAP MAKERY	January 15, 2019	5654077		IC 035
FEROCIOUS BEAST	February 26, 2019	5684101		IC 003
	January 15, 2019	5654078		IC 035

All required affidavits have been filed. No renewals have yet been required.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition or cancellation proceedings affecting the Marks. As described in Item 3, we and our affiliates have brought a lawsuit against a former licensee which continues to use our Marks and the System without our approval after termination. Except for this action, there is no pending material federal or state court litigation involving the use or ownership rights in a Mark. We know of no superior rights or infringing uses that could materially affect your use of our Marks.

Effective May 29, 2018, Holdings licensed the Marks and the System to us under a trademark license agreement. We are granted a worldwide license of the Marks and System with the exclusive right to franchise the Marks and the System for 50 years. We are obligated to assure that all sublicensees comply with quality standards set by BCSH. The trademark license agreement can be terminated by BCSH only if we breach the agreement and fail to cure the breach within 30 days after receiving written notice of the breach, or if we become insolvent or are unable to pay our debts as they become due, or we commence a case for relief or reorganization, or are the subject of an involuntary case for relief or reorganization under the Federal Bankruptcy Code or under any other state or federal bankruptcy or insolvency laws, and such involuntary case continues for more than ninety (90) days after its initial filing without dismissal. At termination of the trademark license agreement, we are obligated to assign to BCSH all license, franchise and sublicensing agreements

which we have entered into for the use of the Marks and the System, which shall continue in full force and effect until the expiration of the terms then in effect. If such an assignment occurs, BCSH will not assume any liabilities that pre-date the assignment, for which we will remain liable.

We have no affirmative duty to protect your right to use the Marks but intend to take appropriate actions if the need arises. You must notify us immediately of any apparent infringement or challenge to its use of any Mark or other intellectual property, or of any claim by any person of any rights in any Mark or other intellectual property, and will not communicate with any person other than us and our attorneys, and your attorneys, in connection with any such infringement, challenge or claim. We have the sole right and option to take such action as we deem appropriate and the right to control exclusively any litigation arising out of any such infringement, challenge or claim or otherwise relating to any Mark or other intellectual property, including the taking of such legal steps as may be available to us under applicable law to prevent infringement of the rights granted under the Franchise Agreement. You will sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in the Marks or other intellectual property.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving a Mark we license to you or if the proceeding is resolved unfavorably to you. We may, at any time, at our sole option, require you to use any additional or alternative Marks or other intellectual property. If we deem it advisable to modify or discontinue the use of any Mark or other intellectual property and/or use one or more additional, alternative or substitute trade or service marks, you will comply with our directions within a reasonable time after receiving notice from us. You will be responsible for all costs and expenses relating to the modification or discontinuance of the use of any Mark, other intellectual property and/or the use of one or more additional, alternative or substitute trade or service marks.

You may not use the Marks to offer or sell any services or products not a part of the System that we do not first otherwise approve. You must comply with the rules and guidelines we issue for using the Marks. You cannot use a Mark as part of a corporate name or with modifying words, designs or symbols, except for those which we license to you. You also cannot display or erect any other mark on your office, stationery, advertising, sales/promotional materials or other objects, except for those Marks licensed to you. You may not use any Mark to promote or identify the sale of an unauthorized product or service, or in a manner we do not authorize in writing.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Other than our copyright in our Manuals and the copyrights listed below, we do not own any patents or copyrights and have no pending patent applications material to your Makery.

We own certain proprietary information that constitutes trade secrets that you may use in the operation of your Makery. You will have the right to use the proprietary information contained in the Manuals. Although we have not (yet) registered our copyright in the Manuals, we do claim copyrights in them, and the information contained in them does constitute proprietary information. You must protect our proprietary information from unauthorized use and disclosure and must require your

Operator and General Manager to sign confidentiality agreements in the form we require, as detailed in Item 15. You must tell us promptly when you learn about any unauthorized use of the Manuals or the information contained in it. We have no obligation to take any action in that event; however, we will respond as we consider appropriate.

There are no currently effective material determinations of the United States Copyright Office or any court, or any pending material proceeding that would affect our copyrights. We have no agreements that would limit our right to license the use of any existing or future patents, copyrights or proprietary information. Although not obligated under any express provision of the Franchise Agreement, we intend to protect our rights in our existing and future patents, copyrights and proprietary information.

If anyone institutes or threatens litigation involving any of our patents, copyrights or proprietary information against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation.

We will have control over the defense and settlement of any administrative proceeding or litigation regarding any patents, copyrights or proprietary information relating to the System. You also must notify us immediately when you learn about any infringing use of our patents, copyrights or proprietary information or any challenge to your use of our patents, copyrights or proprietary information.

Except as stated above, we do not have any obligation to take any affirmative action, participate in your defense, or indemnify you for expenses or damages if you become a party to an administrative or judicial proceeding involving any patents, copyrighted material, or proprietary information licensed by us to you or if the proceeding is resolved unfavorably to you.

If we must discontinue the use of any of our patents, copyrighted materials, or proprietary information relating to the System, we reserve the right to substitute different materials and/or information for use in your Franchised Business, but we have no obligation to compensate you for the discontinuance or modification of any patents, copyrighted material, or proprietary information. We know of no infringing rights that could materially affect you.

We intend to renew any future registered copyrights when the registration expires.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

While you are responsible for the operation of your Makery, you are not required to participate personally in the direction operation of your Makery. Concurrently with your execution of the Franchise Agreement, you must designate and retain at all times an Operator who will manage the Makery consistent with our standards. The Operator is not required to be one of your owners. The Operator must complete our training program to our satisfaction and sign the Confidentiality and Non-Compete Agreement attached as Exhibit D to the Franchise Agreement. The Operator will supervise your General Manager (described below) and the operations of the Makery. The Operator may not be involved in or supervise any other business or retail establishment concept outside of BCS

Makeries. If, during the term of the Franchise Agreement, the Operator is not able to continue to serve in that capacity or no longer qualifies, you must promptly notify us in writing and designate a replacement Operator meeting our requirements within 30 days after the Operator ceases to serve. You must provide interim management for all of your Makeries until the replacement Operator is designated.

At least 60 days prior to the opening of your Makery, you must designate and retain at all times a General Manager qualified to manage the Makery consistent with our standards. The General Manager is not required to be one of your owners. The General Manager must complete our training program to our satisfaction. If, during the term of the Franchise Agreement, the General Manager is not able to continue to serve in that capacity or no longer qualifies, you must promptly notify us in writing and designate a replacement General Manager meeting our requirements within 30 days after the General Manager ceases to serve. You must provide interim management for all of your Makeries until the replacement General Manager is designated. The General Manager must sign our Confidentiality Agreement attached as Exhibit C to the Franchise Agreement. To the extent that our confidential information will be provided to your advisors, representatives, agents, or any personnel, each applicable individual must also sign our Confidentiality Agreement.

If you are a business entity (but not publicly traded), each Person holding a direct or indirect Equity Interest in you or in any of your affiliates as designated by us and your officers and directors must guarantee your obligations and agree to a restriction on the transfer of their equity ownership interests under the Guaranty and Restriction Agreement attached as Exhibit B to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business under the System as specified in the Franchise Agreement, the Manuals, and in our standards and policies. You may not engage in any business or offer any other services or products at your Franchised Location that is or are not a part of the System or without our express authorization in advance. You must offer for sale all of our products and services except those items we designate as optional. You may not offer additional products or services without our prior written consent. We retain the right to modify the Manuals to modify, discontinue or add to the goods and services that you must sell in your Franchised Business, which may include new or modified products and recipes, methods of product preparation, and the installation and use of new or modified manufacturing equipment. There are no limits on our right to make these changes. There are no limits on the customers to whom you may sell from the Franchised Location.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all advertising and promotion in any medium, (including websites, Internet postings or markings) must be conducted in a dignified manner and must conform to the standards and requirements in the Manuals, the Franchise Agreement or otherwise. You must obtain our approval before you use any advertising and promotional materials and plans. You must obtain our written approval of the content and design of any website or Internet posting or marketing for the Franchised Business in advance of such use, and

that use must be in compliance with our policies, including the use and presentation of the Marks. We may provide or sell to you apparel and other promotional items to use or resell at the Franchised Business.

You must participate in all customer surveys, satisfaction audits, and customer complaint resolution and other programs as we may periodically require. We may use the scores and comments from such programs to evaluate whether or not you meet System Standards, are eligible for additional franchises, or comply with your Franchise Agreement. As of the Issuance Date, we have not established a guest survey feedback program.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

Franchise Agreement

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in that agreement attached as Exhibit A to this Disclosure Document.

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	3(a)	Initial term is 10 years.
b.	Renewal or extension of the term	3(b)	You may renew the franchise for two consecutive five-year terms.
c.	Requirements for you to renew or extend	3(c)	Requirements include - provide six months' advance notice of renewal, not be in default or have been in default within 12 months prior to your election, have substantially complied with the Franchise Agreement, your Makery must not be in the bottom quartile of average monthly Net Sales of all BCS Makeries operating during the 12 months prior to your election, sign our then current form of the Franchise Agreement, execute a general release of claims, complete any retraining program we may require, present documentation satisfactory to us that you have the right to remain in possession of the premises for your BCS Makery and pay a renewal fee of 25% of our then current initial franchise fee. The franchise agreement we offer at the time of renewal may contain materially different terms, conditions and fees from the original franchise agreement. At the end of the initial term and the first renewal term, you must also upgrade your BCS Makery to our current entry standards and design elements, upgrade to our current equipment package and

	Provision	Section in Franchise Agreement	Summary
			install our current point-of-sale system and other technology hardware and software.
d.	Termination by you	20(b)	You may terminate the Franchise Agreement only if we substantially fail to perform any of our material obligations to you under the Franchise Agreement. You must give us written notice of and 60 days to cure the failure. If the failure is not cured within 60 days, you may terminate the Franchise Agreement upon written notice.
e.	Termination by us Without cause	None	We may not terminate your Franchise Agreement without cause.
f.	Termination by us with cause	20(a)	We may terminate your Franchise Agreement after written notice of a curable default if you fail to cure within the applicable cure period under the Franchise Agreement or such longer period as required by law, or immediately upon written notice of an incurable default unless a longer notice period is required by law. We may terminate your Franchise Agreement if an Area Development Agreement between us and you or your affiliate is terminated.
g.	"Cause" defined - curable defaults	20(a)	A curable default consists of the breach of any of your obligations under any agreement with us or our affiliates, other than an incurable default listed below. If you do not remedy a curable default within 30 days after notice of a non-monetary default (except in the event of your violation of any law relating to health, sanitation, or the environment, refusal to permit us or our agent entry to inspect your Makery, or failure to maintain required insurance, in which case such default must be cured in 24 hours, or your understatement or failure to report accurately Net Sales, in which case such default must be cured within three days) or within five days after notice of a monetary default, we may terminate your Franchise Agreement. These cure or notice periods may be extended by applicable law in your state.
h.	"Cause" defined - non-curable defaults	20(a)	Non-curable defaults include - (1) you close or abandon the Makery for a period of two or more consecutive business days or on any federal holiday (except those on which all BCS Makeries are closed), except for any closure we approve in advance and except during the pendency of any force majeure event; (2) you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property or any order appointing a receiver, trustee, or liquidator of you or

	Provision	Section in Franchise Agreement	Summary
			your Makery is not vacated within 30 days following the entry of such order; (3) any bankruptcy proceeding is commenced against you (or any affiliate or principal) or you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay debts as they become due; (4) you or any of your principals or affiliates is or has been held liable or convicted of, pleads or has pleaded no contest to, a felony, indictable offense, or other unlawful act, or otherwise engages in any act or conduct that we believe will materially affect the reputation of the Brand; (5) you (or any principal or affiliate) makes any material misrepresentation or omission in connection with the Franchise Agreement that negatively impacts us; (6) you fail to acquire the Premises as required by the Franchise Agreement; (7) you surrender or transfer control of the operation of the Makery without our prior written consent; (8) your misuse our unauthorized use of the Marks; (9) unauthorized transfer; (10) our delivery of a notice of termination of another agreement with you or your affiliate (including the Development Agreement); (11) cancellation of the Makery lease or failure to perform materially under the lease and cure within the applicable cure period, if any; (12) failure to pay applicable taxes on the Makery's operations, absent good faith dispute; (13) failure to achieve passing score for KPI Assessment for two or more consecutive Assessments within any 12-month period; (14) you (or any of your principals) fails on three or more separate occasions within any 12-month period to submit reports when due, pay amounts to us or our affiliates when due, or otherwise materially comply with the Franchise Agreement, regardless of whether those failures are corrected after notice; and (15) you (or any of your principals or affiliates) violates any applicable law or has any necessary license or certification revoked or suspended.
i.	Your obligations on termination/non-renewal	21	You must (1) abide by the non-competition provisions of the Franchise Agreement; (2) promptly pay us and our affiliates all amounts owed; (3) refrain from using the System, the Marks, and Confidential Information; (4) de-identify the Makery; (5) return to us the Manuals and other Confidential Information; (6) cease to hold

	Provision	Section in Franchise Agreement	Summary
			yourself out in any way as our franchisee or to do anything that would indicate any relationship between you and us; (7) transfer to us or our designee or cancel any email address, domain name, search engine, website or social media account that associates you with us or the System and authorize the transfer of any telephone numbers or listings associated with the Marks to us (or authorize the telephone company to forward all calls made to your phone numbers to the numbers we specify; and (8) comply with all restrictive covenants and continuing obligations in the Franchise Agreement. In addition, if we terminate the Franchise Agreement for any reason other than our default and failure to cure, you must pay us liquidated damages (as detailed in Item 6).
j.	Assignment of contract by us	18(a)	We may assign our interest in the Franchise Agreement, in whole or in part, to any person.
k.	"Transfer" by you-defined	1	Transfer means any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by you or any of your principals of all or any part of your rights, interests or obligations in the Franchise Agreement, you, the Makery (including the Premises), the Operating Assets or any Equity Interest, directly or indirectly, in you to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control of you, the Franchise Agreement, or substantially all of the assets of the business operated under the Franchise Agreement.
l.	Our approval of transfer by you	18 (b)	Generally, no Transfer is permitted or authorized without our prior written approval.
m.	Conditions for our approval of transfer	18(c)	Conditions may include: (1) the proposed transferee must satisfy all of the requirements and conditions then being used to qualify a person as a new franchisee; (2) the proposed transferee must comply with training requirements; (3) you must satisfy all of your accrued monetary obligations to us and our affiliates; (4) you must be in full compliance with the Franchise Agreement; (5) you must execute and deliver a general release of all claims against us and our affiliates; (6) the transferee must execute and deliver our then current form of franchise agreement; (7) you must pay us a transfer fee (See Item 6); and (8) you must comply with

	Provision	Section in Franchise Agreement	Summary
			any other conditions that we may reasonably require as part of our transfer policies.
n.	Our right of first refusal to acquire your business	18(f)	If you or any of your principals desire to make a Transfer, we have the option to purchase that interest on the terms and conditions included in the offer.
o.	Our option to purchase your business	22	Upon expiration or termination of the Franchise Agreement, we have an option to purchase your Makery as a going concern or the Operating Assets, as applicable, according to the terms included in Exhibit H to the Franchise Agreement.
p.	Death or disability of you	18(e)	If any of your principals that holds a Controlling Interest in you dies or becomes Permanently Disabled and we determine that such death or disability adversely affects the operation of the Makery, that principal's personal representative must Transfer that principal's interest in the Franchise Agreement or in you to a third party approved by us within six months. A failure to do so is an event of default under the Franchise Agreement.
q.	Non-competition covenants during the term of the franchise	19(a)	You and your principals may not either directly or indirectly, divert business of the Makery to any Competitive Business; or own, operate, franchise, engage in, or have any interest in a Competitive Business. A Competitive Business is any retail establishment that, as determined by us, is the same as or substantially similar to the Makeries, including any retail establishment or chain of retail establishments that has soaps, lotions, bath bombs and similar facial, body and hair care products accounting for 25% or more of its average monthly gross sales. During the term of the Franchise Agreement, these restrictions apply to any Competitive Business located within the United States.
r.	Non-competition covenants after the franchise is terminated or expires	19(a)	For a period of two years after the termination, expiration, or Transfer of the Franchise Agreement, you may not engage in the conduct described in Paragraph 17.q. above. Following expiration/termination or Transfer, these restrictions will apply to any Competitive Business located within the Designated Area, at or within five miles of your Makery, or within five miles of any BCS Makery then operating or under construction in or outside the United States.
s.	Modification of the agreement	7(c), 11(a), 28(c)	We may alter the System or Manuals as we deem necessary. We and you must agree in writing to any modifications to your Franchise Agreement.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/merger clause	28(f)	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	26	Except for certain claims, all disputes must be mediated, and if not resolved, arbitrated in Dallas, Texas (subject to state law).
v.	Choice of forum	26(c)(7)	Litigation must be in the U.S. District Court for the Northern District of Texas, Dallas Division or District Courts of Texas serving Dallas County, Texas (subject to state law).
w.	Choice of law	26(b)	Texas law applies (subject to state law). Your local law may supersede this provision. See the Disclosure Document Addenda for Certain States at Exhibit F.

Commissary Agreement

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in that agreement attached as Exhibit A to this Disclosure Document.

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	3	The term continues as long as you are in full compliance with Commissary Agreement and continue to own and operate, in good standing, at least 3 BCS Makeries
b.	Renewal or extension of the term	N/A	N/A
c.	Requirements for you to renew or extend	N/A	N/A
d.	Termination by you	N/A	N/A
e.	Termination by us Without cause	None	We may not terminate the Commissary Agreement without cause.
f.	Termination by us with cause	18	We may terminate the Commissary Agreement after written notice of a curable default if you fail to cure within the applicable cure period or such longer period as required by law, or immediately upon written notice of an incurable default unless a longer notice period is required by law.

	Provision	Section in Franchise Agreement	Summary
g.	"Cause" defined - curable defaults	18	A curable default consists of the failure to comply with any provision of the Commissary Agreement or any specification, standard or operating procedure prescribed by us, or to timely pay any amounts due us or our affiliates, and you do not correct such failure within fifteen days after written notice of such failure to comply is delivered to you.
h.	"Cause" defined - non-curable defaults	18	Non-curable defaults include (1) failure on two or more occasions within in any 12 consecutive month period to submit reports, data or records;(2) failure to pay royalties or other amounts due us or our affiliates or otherwise fail to comply with the Commissary Agreement; (3)failure to own and operate at least 3 BCS Makeries in good standing at all times; or (4) termination or expiration of any Franchise Agreement.
i.	Your obligations on termination/non-renewal	19	You must (1) pay within 15 days all amounts owed to us and our affiliates; (2) not directly or indirectly identify as a current or former franchisee or as otherwise associated with us or use the Marks in any way; (3) remove all signage and return to us all Manuals, catalogues, forms, invoices and other materials; (4) furnish evidence of compliance with all obligations within 30 days; and (5) immediately cease use of and maintain confidentiality of the Proprietary Information
j.	Assignment of contract by us	17(a)	Fully assignable by us.
k.	"Transfer" by you-defined	17(b)	Includes the Commissary Agreement (or any interest therein) or any part or all of the ownership of Franchisee (in the event Franchisee is a corporation or a partnership)
l.	Our approval of transfer by you	17(b)	Generally, no transfer is permitted or authorized without our prior written approval.
m.	Conditions for our approval of transfer	17(b)	Commissary Agreement cannot be assigned except in connection with the approved transfer and assignment of the Buff City Soap Franchise Agreements for at least three Buff City Soap Makeries operated by you
n.	Our right of first refusal to acquire your business	N/A	N/A
o.	Our option to purchase your business	19(d)	Upon expiration or termination of the Franchise Agreement, we have an option, exercisable for a period of 30 days, to purchase the assets of the Commissary operation(s), including without limitation, all equipment, inventory and leasehold interests.
p.	Death or disability of you	17	Considered a transfer requiring our prior written approval of any transfer.

	Provision	Section in Franchise Agreement	Summary
q.	Non-competition covenants during the term of the franchise	N/A	N/A See Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	N/A	N/A See Franchise Agreement.
s.	Modification of the agreement	20(j)	Commissary Agreement shall not be modified except by written agreement signed by you and us.
t.	Integration/merger clause	20(k)	Commissary Agreement constitutes the entire agreement of the parties. Nothing in the Commissary Agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	26	The Commissary Agreement terms are incorporated into the Franchise Agreement. Except for certain claims, all disputes must be mediated, and if not resolved, arbitrated in Dallas, Texas (subject to state law).
v.	Choice of forum	1	The Commissary Agreement terms are incorporated into the Franchise Agreement. Litigation must be in the U.S. District Court for the Northern District of Texas, Dallas Division or District Courts of Texas serving Dallas County, Texas (subject to state law).
w.	Choice of law	1	Texas law applies (subject to state law). Your local law may supersede this provision. See the Disclosure Document Addenda for Certain States at Exhibit F.

Development Agreement

The following table lists certain important provisions of the Development Agreement. You should read these provisions in that agreement attached as Exhibit B to this Disclosure Document.

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	3(a) and Exhibit A	The Development Term expires on the earlier of the expiration date stated in the Summary Page of the Development Agreement or the date on which you open the required cumulative number of Makeries in the Territory.
b.	Renewal or extension of the term	N/A	You may not renew the Development Agreement.

	Provision	Section in Development Agreement	Summary
c.	Requirements for you to renew or extend	N/A	Not Applicable.
d.	Termination by you	N/A	Not Applicable.
e.	Termination by us Without cause	N/A	Not Applicable.
f.	Termination by us with cause	12	We may terminate your Development Agreement only if you default or fail to comply with your obligations under the Development Agreement or if a Franchise Agreement between us and you or your affiliate is terminated.
g.	"Cause" defined - curable defaults	12(a)	Curable defaults include 30 days to cure failure to comply with the Development Schedule during any Development Period; five days to cure any failure to make payments owed to us; and 30 days for failure to comply with any other material provision of the Development Agreement (other than the defaults listed in Paragraph 17.h. below).
h.	"Cause" defined - non-curable defaults	12(a), 12(b), 12(c) and 12(d)	Except as prohibited under state law, non-curable defaults include bankruptcy or insolvency (our right to terminate may not be enforceable under bankruptcy law); material misrepresentation or omission by you or your principals or affiliates that negatively affect us; you or your principals or affiliates being held liable or convicted of a felony, indictable offense or other unlawful act or you or your principals or affiliates engaging in any dishonest or unethical conduct or act that may materially or adversely affect the Brand, the System or goodwill associated with the Marks; any unauthorized transfer pursuant to Section 11 by you or any of your principals or affiliates; any unauthorized disclosure or use of our Confidential Information, the Manuals, the Marks; or our Trade Secrets; any failure by you, your principals or your Designated Principal to comply with the representations, warranties and covenants in the Development Agreement; termination by us of any Franchise Agreement with you or any of your affiliates; failure to pay any taxes applicable to the operation of your business under the Development Agreement, absent a good faith dispute; three or more defaults within 12-month period, regardless of whether corrected after notice of such failure; and failure to comply with applicable law.

	Provision	Section in Development Agreement	Summary
i.	Your obligations on termination/non-renewal	13	Obligations include ceasing development of BCS Makeries; payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6); discontinuing the use of all Marks and ceasing the use of the System and our Confidential information and returning copies of the Manuals and all other proprietary or confidential materials that we loaned to you (except with respect to those BCS Makeries operated in accordance with a continuing Franchise Agreement with us); and compliance with all post-termination covenants and obligations, including confidentiality, competition and indemnification.
j.	Assignment of contract by us	11(a)	No restriction on our right to assign.
k.	"Transfer" by you-defined	1	Transfer means any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by you or any of your principals of all or any part of your rights, interests or obligations in the Development Agreement, you, the Makeries (including the Premises), or any Equity Interest, directly or indirectly, in you to any person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control, the Development Agreement, or substantially all of the assets of the business operated under the Development Agreement.
l.	Our approval of transfer by you	11(b)	No Transfer is permitted without our prior written approval.

	Provision	Section in Development Agreement	Summary
m.	Conditions for our approval of transfer	11(c)	Except as prohibited under state law, transfer conditions include - you must be in full compliance with the Development Agreement, all Franchise Agreements and any other agreements between you or your affiliates and us and our affiliates; you must transfer all Franchise Agreements consistent with the transfer requirements set forth therein concurrently with the transfer of your Development Agreement; you and your principals must be current on all amounts owed to us or our affiliates; your proposed transferee must meet all of our then-current requirements for new developers; your transferee and its owners must submit an approved business plan for the Makeries; your proposed transferee and its principals must sign our then-current form of area development agreement and all ancillary agreements; you must pay a transfer fee; you and your principals must execute a general release in favor of us and our affiliates, principals, successors, assigns, employees and agents; and other conditions that we may reasonably require as part of our transfer policies (see also r below).
n.	Our right of first refusal to acquire your business	N/A	Not Applicable
o.	Our option to purchase your business	N/A	Not Applicable
p.	Death or disability of you	11(e)	Upon death or disability of any of your principals that holds a controlling interest in you or if we determine the death or disability of one of your principals adversely effects the development of the BCS Makeries, you must transfer such principal's interest in you to a third party approved by us within six months of such death or disability.
q.	Non-competition covenants during the term of the franchise	8(a)	You and your principals will not divert any business or customer to any Competitive Business or own, operate, franchise, engage in, or have any interest in a Competitive Business. During the term of the Development Agreement, these restrictions apply to any Competitive Business located within the United States

	Provision	Section in Development Agreement	Summary
r.	Non-competition Covenants after the franchise is terminated or expires	8(a)	For the two-year period following termination, expiration, or Transfer of the Development Agreement (and, with respect to your principals, for the two-year period following the date upon which your principal ceases being a "principal" defined in the Development Agreement), no conduct as described in Paragraph 17.q. above with respect to a Competitive Business located (i) within the Territory in your Development Agreement; or (ii) within three miles of any Buff City Soap retail Makery operating or under construction in our outside the United States.
s.	Modification of the agreement	17(c)	Generally, no modifications without a written agreement signed by both you and us, except that we may unilaterally change the Manuals.
t.	Integration/merger clause	17(f)	Only the terms of the Development Agreement and its attached exhibits are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Development Agreement may not be enforceable. Nothing in the Development Agreement is intended to disclaim the express representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	15	Except for certain claims, all disputes must be mediated, and if not resolved, arbitrated in Dallas, Texas unless contrary to applicable state law.
v.	Choice of forum	15(c)(7)	Litigation must be in the U.S. District Court for the Northern District of Texas, Dallas Division or District Courts of Texas serving Dallas County, Texas (subject to state law).
g.	Choice of law	15(b)	Texas law applies (subject to state law). Your local law may supersede this provision. See the Disclosure Document Addenda for Certain States at Exhibit F.

ITEM 18

PUBLIC FIGURES

There are no public figures involved with us or this 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 under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing BCS Makery, however, we may provide you with the actual records of that BCS Makery. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Mike Barhydt at 1-844-GET SOAP, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary for Years 2018-2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	6	8	+2
	2019	8	24	+16
	2020	24	57	+33
Company-Owned	2018	5	5	0
	2019	5	7	+2
	2020	7	8	+1
Total Outlets	**2018**	**11**	**13**	**+2**
	2019	**13**	**31**	**+18**
	2020	**31**	**65**	**+34**

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than The Franchisor)
For Years 2018-2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2018	0
	2019	0

Alabama	2020	2
Florida	2018	0
	2019	0
	2020	2
Tennessee	2018	0
	2019	0
	2020	3
TOTAL	**2018**	0
	2019	0
	2020	7

Table No. 3
Status of Franchise Outlets[1]
For Years 2018-2020

Col. 1 State	Col. Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other	Col. 9 Outlets at End of the Year
Alabama	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	2	0	0	0	0	4
Arizona	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Arkansas	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	3	0	0	0	0	4
Colorado	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	3	0	0	0	0	4
Georgia	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	3	0	0	0	0	3
Iowa	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
Indiana	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Kentucky	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	7	0	0	0	0	8

Col. 1 State	Col. Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other	Col. 9 Outlets at End of the Year
Louisiana	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Mississippi	2018	0	3	0	0	0	0	3
	2019	3	1	3	0	0	0	1
	2020	1	1	0	0	0	0	2
Nebraska	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
Ohio	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	0	1	0	0	0	0	1
Texas	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
	2020	2	2	0	0	0	0	4
Tennessee	2018	2	1	0	0	0	0	3
	2019	3	8	0	0	0	0	11
	2020	11	8	0	0	0	0	19
TOTAL	**2018**	**6**	**5**	**3**	**0**	**0**	**0**	**8**
	2019	**8**	**16**	**0**	**0**	**0**	**0**	**24**
	2020	**24**	**33**	**00**	**0**	**0**	**0**	**57**

(1) We are treating the licensed locations as franchises for the purposes of this Item 20.

Table No. 4
Status of Company-Owned Outlets
For Years 2018-2020

Col. 1 State	Col. Year	Col. 3 Outlets at Start of the 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
Colorado	2018	1	0	0	0	0	1
	2019	1	2	0	0	0	3
	2020	3	0	0	0	0	3
Mississippi	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Tennessee	2018	3	1	0	0	1	3
	2019	3	0	0	0	0	3
	2020	3	0	0	1	0	2
Texas	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2019						
	2020						

TOTAL	**2018**	5	1	0	0	1	5
	2019	5	2	0	0	0	7
	2020	7	2	0	1	0	8

Table No. 5
Projected Openings as of December 31, 2020

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	1	1	0
Arkansas	0	2	0
Colorado	0	3	0
Delaware	0	1	0
Florida	1	13	0
Georgia	0	4	0
Indiana	0	3	0
Iowa	1	4	0
Kentucky	0	9	0
Louisiana	0	2	0
Michigan	0	3	0
Mississippi	1	2	0
Missouri	0	6	0
Montana	1	2	0
Nevada	0	1	0
New Jersey	0	1	0
New York	0	3	0
North Carolina	0	8	0
Ohio	1	5	0
South Carolina	0	1	0
South Dakota	0	1	0
Tennessee	1	10	0
Texas	1	13	2
Virginia	0	4	0
West Virginia	0	3	0
TOTAL	8	105	2

Exhibit J contains the contact information of all franchisees as of December 31, 2020. Also included in Exhibit J is the contact information of 18 developers which have signed development agreements with us but have not yet signed a franchise agreement for their first location. During our 2020 fiscal year, no franchise agreements and no license agreements were terminated. We did not cancel or fail to renew any franchised or licensed unit or any unit operated under a joint venture

arrangement and no such units ceased to do business voluntarily. No franchisee, licensee or joint venture investor has failed to communicate with us during the 10 weeks before the Issuance Date.

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

Confidentiality Clauses

As a standard practice, when we enter into settlement agreements with a franchisee or former franchisee, we will require them to agree to maintain as confidential all information that the franchisee or former franchisee has about us. We have not entered into any such agreements in the last three fiscal years. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all of these franchisees will be able to communicate with you.

Franchisor Sponsored and Independent Trademark Specific Franchisee Organizations

We have not created, sponsored or endorsed any trademark-specific franchisee organization, and no independent franchisee organization is incorporated or otherwise organized under state law and asks us to be included in our Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Included in Exhibit G are our audited financial statements for fiscal years ending December 31, 2020, 2019 and 2018, and our unaudited financial statements for the period January 1, 2021 to May 31, 2021. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

We have included copies of our Franchise Agreement, Termination and Release Agreement, Authorization Agreement for Pre-Authorized Payments, Guaranty and Restriction Agreement, Management Confidentiality and Non-Competition Agreement, Lease Rider, Receipt of Manuals and Development Agreement to this Disclosure Document. Our forms of Closing Acknowledgment, General Release and Non-Disclosure and Non-Use Agreement are included as Exhibits C, D and E. The Closing Acknowledgment is used for all new franchisees. The General Release is used for all transfer and successor transactions. The Non-Disclosure and Non-Use Agreement is used if you would like to review any of our confidential materials before you sign a Franchise Agreement or Development Agreement. If you want to operate a commissary and you meet all of our conditions and obtain our prior written approval to do so, you must sign the Commissary Agreement attached as Exhibit K.

ITEM 23

RECEIPT

Duplicate copies of the receipt appear after the exhibits as the last two pages of this Disclosure Document.

Exhibit A

Franchise Agreement

BUFF CITY SOAP FRANCHISING, LLC

Franchise Agreement

SUMMARY PAGE

These pages summarize certain provisions of the Franchise Agreement to which they are attached. The Franchise Agreement's provisions will control in the event of any conflict.

Effective Date:	**_____**
Designated Area:	**_____**
Initial Franchise Fee:	**$50,000**
Royalty Fee:	**6% of Net Sales**
Brand Fund Contribution:	**2% of Net Sales**
Local Marketing Expenditure:	**1% of Net Sales**
Market Introduction Budget:	**$15,000**
Technology Fee:	**$500**
Offering Fee:	**$10,000**
Successor Fee:	**25% of Then-Current Initial Franchise Fee**
Transfer Fee:	**25% of Then-Current Initial Franchise Fee**
Operator:	**[_____]**
Franchisee:	**[_____], a [_____]**
Address for Notices:	**[_____]**
Attention:	**[_____]**
Email:	**[_____]**

Franchisor: Buff City Soap Franchising, LLC
Address for Notices: Attn:_____
2718 Fairmount St
Dallas, TX 75201
phone: 1-844-GOT-SOAP
email: _____@buffcitysoap.com

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I Insurance Requirements
J State Addenda

Buff City Soap

FRANCHISE AGREEMENT

This Agreement is made as of the Effective Date between Franchisor and Franchisee.

RECITALS

WHEREAS, Franchisor has expended significant effort, money and time to develop the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Makeries that offer the Products and utilize the System and Marks.

WHEREAS, Franchisor developed and will continue to develop valuable goodwill in the Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be substituted or modified at Franchisor's sole option.

WHEREAS, Franchisee desires to develop and operate a Buff City Soap shop (below defined as "Makery") at the Premises pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of Franchisor granting to Franchisee the right to develop and operate a Makery subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

Certain initially capitalized terms used frequently in this Agreement are defined in this Section 1. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) "**ADA**" means the Americans with Disabilities Act.

(b) "**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(c) "**Agreement**" means this Buff City Soap Franchise Agreement between Franchisor and Franchisee.

(d) "**Applicable Law**" means any federal, state, and local laws, ordinances, and codes, together with all rules, regulations, policies, and guidelines related thereto, applicable to the subject matter of this Agreement and either Party, including the development, construction and/or operation of the Makery pursuant to the terms hereof, including, without limitation, all laws and regulations related to cosmetics (e.g. U.S. Food & Drug Administration packaging and labeling requirements); environmental regulations (e.g. regulations applicable to the disposal of containers used in the storage of lye and similar component ingredients); labor; consumer privacy and data security; and those governing public accommodations for persons with disabilities.

(e) "**Brand**" means Buff City Soap brand.

(f) "**Brand Fund**" means the national, regional, or local marketing fund established for the promotion of the Brand.

(g) "**Brand Fund Contribution**" means the continuing monthly contribution to the Brand Fund Franchisee must pay to Franchisor as set forth in Section 4 and in the amount set forth in the Summary Page.

(h) "**Buff City Soap Property**" means building, monument and interior signs; uniforms; rustic, reclaimed wood furniture and fixtures; any décor or other items bearing the Buff City Soap logos; and any other furniture, equipment, décor, signs, art or materials designated by Franchisor as Buff City Soap Property.

(i) "**Business Day**" means any calendar day other than Saturdays, Sundays, and national holidays in the United States.

(j) "**Collateral Logo Merchandise**" means, collectively, all merchandise that Franchisor authorizes Franchisee to offer for sale from the Makery displaying any of the Marks including, without limitation, apparel, bath accessories, mugs and cups, drinkware, laundry accessories, and other functional and promotional items bearing any Marks or incorporating any Intellectual Property.

(k) "**Competitive Business**" means any retail establishment that, as determined by Franchisor, is the same as or substantially similar to the Makeries, including, without limitation, any personal body care product retail establishment or chain of retail establishments that feature products free of artificial detergents, surfactants, dyes, or harsh chemicals, or any retail establishment that has soaps, lotions, bath bombs and similar facial, body and hair care products collectively accounting for 25% or more of its average monthly gross sales for the retail establishment during the preceding 12 months (or, if the retail establishment has operated less than 12 months, the number of full calendar months of operation). A Competitive Business does not include (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Franchisee's Existing Brands.

(l) "**Confidential Information**" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Buff City Soap makery hereunder, including, without limitation, the Standards; The Manuals; any components and ingredients, formulae and formulations applicable to Products; Franchisor's or its Affiliate's product and raw materials sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale, and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; Customer Data; financial data and statements; training and operational methodology content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(m) "**Consequential Damages**" means damages and injury that result from a Party's negligent performance of or other breach of this Agreement for: (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

(n) "**Control," "Controlling"** or **"Controlling Interest**" means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

(o) "**Crisis Management Event**" means an event that Franchisor determines may materially affect the Marks and goodwill associated therewith.

(p) "**Customer Data**" means any information from, about, or relating to customers of the Makery that identifies, or can be used to identify, contact, locate or be traced back to the specific Person to whom such information pertains, or from which identification or contact information of a Person can be derived. Customer Data includes any personally identifiable information, such as a Person's name, address, phone number, fax number, email address, passport number, financial profile, credit card information or any other information by which one is reasonably able to personally identify one or more Persons.

(q) "**Cybersecurity Incident**" means any event or occurrence that results in

unauthorized access to or adversely affects the availability or integrity of the System, Buff City Soap makeries or the Confidential Information, which event or occurrence could not have been prevented by reasonable administrative, physical or technical security measures.

(r) "**Designated Area**" means the geographic area referred to in Section 2(d) and described on the Summary Page.

(s) "**Designated Supplier**" means those suppliers (including without limitation distributors, manufacturers and other sources) who demonstrate to the continuing satisfaction of Franchisor, the ability to meet Franchisor's Standards for the Products or services related to the development and operation of Buff City Soap makeries and who have been approved in writing by Franchisor.

(t) "**Effective Date**" means the effective date of this Agreement as set forth in the Summary Page.

(u) "**Entity**" means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

(v) "**Equity Interest**" means any direct or indirect stock, unit, membership, partnership or other legal, equitable or beneficial ownership interest, or other voting rights, in an Entity, but does not include direct or indirect ownership solely as an investment of securities of any Entity traded on any securities exchange if the owner is not a Controlling Person (or a member of an Entity that Controls) such Entity and does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

(w) "**Event of Default**" means any breach by Franchisee of, or any failure by Franchisee to comply with, any condition and obligation of this Agreement as described in Section 20(a).

(x) "**Existing Brands**" means the makeries operated under a system and marks other than the System and Marks by Franchisee as of the Effective Date, as set forth in Exhibit G.

(y) "**FACTA**" means the Fair and Accurate Credit Transactions Act.

(z) "**Force Majeure Event**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, Cybersecurity Incident, or other civil disturbances; epidemics; or other forces, that materially and adversely affect the ability of a Party hereto to perform provided that with respect to any or all events they are not within the reasonable control of the Party affected thereby. Financial inability of a Party hereto will not constitute a Force Majeure Event.

(aa) "**Franchisee**" means the Entity so described in the Summary Page.

(bb) "**Franchisor**" means the Entity so described in the Summary Page.

(cc) "**Franchisor Indemnitees**" means Franchisor, its Affiliates and their respective Principals, directors, officers, employees, agents, successors and assignees.

(dd) "**General Manager**" means the on-premises manager who will be primarily responsible for the day-to-day operation and supervision of the Makery.

(ee) "**Ideas and Concepts**" means formulations, processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or the Makery(ies) that Franchisee or any of its Principals, Affiliates, Personnel or independent contractors discovers, invents, creates, develops or derives from time to time in connection with the development or operation of the Makery(ies).

(ff) "**Indemnified Matter**" means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry

(regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 23.

(gg) "**Initial Franchise Fee**" means the initial fee Franchisee must pay to Franchisor upon Franchisee's execution of this Agreement as set forth in Section 4(a) and in the amount set forth in the Summary Page.

(hh) "**Initial Term**" means the initial term of this Agreement as set forth in Section 3(a).

(ii) "**Initial Training**" means Franchisor's initial training program on the System and the operation of a Makery as set forth in the Manuals.

(jj) "**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

(kk) "**Interest**" means the amount payable to Franchisor in connection with the late payment by Franchisee of any fee due to Franchisor or its Affiliate pursuant to this Agreement or any other agreement with Franchisor or its Affiliate, which will be 18% per annum or the maximum allowable rate under Applicable Law, whichever is less.

(ll) "**Internet**" means all modes of communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups, social media, mobile applications, electronic bulletin boards and related communications

(mm) "**Intranet**" means Franchisor's computer or electronic systems, including the BCS Makery Point of Sale system or any third-party computer or electronic system to which Franchisee may be given access.

(nn) "**KPI Assessment**" means the monthly assessment of Franchisee's performance measured by the key performance indicators in accordance with the procedures described in the Manuals.

(oo) "**Lease**" means the document executed by Franchisee or its Affiliate with an owner or lessor of real property in connection with the granting of the right to occupy the Premises and operate a Makery at or from the Premises, including the Lease Addendum. "Lease" includes any sublease or renewal of the Lease or any sublease.

(pp) "**Lease Addendum**" means the addendum to the Lease in the form attached to this Agreement as Exhibit F.

(qq) "**Local Marketing Expenditure**" means the amount Franchisee must spend on local advertising for the Makery in the Protected Area each Reporting Period as set forth in Section 10(d) and in the amount set forth in the Summary Page.

(rr) "**Losses and Expenses**" means, without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including, without limitation, reasonable legal fees and Consequential Damages.

(ss) "**Makery**" means a Buff City Soap shop operating under the Marks and System under this Franchise Agreement.

(tt) "**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(uu) "**Market Introduction**" means the advertising and promotional campaign and events that are designed to occur before and shortly after the Makery opens to the public.

(vv) "**Market Introduction Budget**" means the amount set forth in the Summary Page that Franchisee will spend in connection with the Market Introduction of the Makery.

(ww) "**Marks**" means the Buff City Soap trademarks and service marks and such other registered and unregistered trademarks, trade names, service marks, logos, slogans, emblems and other indicia of origin as are now designated, and may hereafter be designated, by Franchisor in writing for use in connection with the System.

(xx) "**Net Sales**" means the total selling price of all services and Products and all income of every other kind and nature related to the Makery, whether for cash, cash equivalents, or credit, and regardless of collection in the case of credit. Proceeds from the sale of coupons, gift cards, gift certificates or vouchers shall be included in Net Sales when and at the Makery from which the coupons, gift cards, gift certificates or vouchers are eventually redeemed. Net Sales also includes the proceeds of any business interruption insurance applicable to the Makery. Net Sales will expressly exclude the following: tips and gratuities, sums collected and actually paid by Franchisee for any sales or other excise tax imposed by any duly constituted government authority. In the case of Franchisor-established promotional discounts implemented by Franchisee at the Makery, the amount actually paid by the guest after the discount, rather than the original amount, will be considered for purposes of calculating Net Sales.

(yy) "**Notice**" means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to the Agreement.

(zz) "**Offering Fee**" means a payment in the amount set forth in the Summary Page that will be owed to Franchisor in connection with any offerings of debt or any Equity Interest of Franchisee or any of its Principals or Affiliates as set forth in Section 18(g).

(aaa) "**Opening Team**" means the employees of Franchisor that Franchisor, at its sole option, designates to send for the opening or re-opening of the Makery, as applicable.

(bbb) "**Opening Date**" means the deadline by which the Makery must be open for business to the public, as set forth in Exhibit G (provided such Opening Date must be on or before the first anniversary of the Effective Date (or, if this Agreement is executed in connection with an area development agreement, the expiration of the development period for which this Agreement is executed)).

(ccc) "**Operating Assets**" means all equipment (including without limitation Technology System), Buff City Soap Property, fixtures, furnishings, supplies and other products and materials required for the operation of the Makery, including without limitation any equipment, fixtures, furnishings, supplies and other Products and materials that may be stored or used at another location in connection with the operation of the Makery, whether or not such location is at the Premises, as periodically specified by Franchisor in the Manuals or otherwise in writing.

(ddd) "**Operator**" means the employee of Franchisee who supervises and oversees the operation of the business

contemplated by this Agreement (as set forth in further detail in the Manuals) and serves as the primary point of contact between Franchisor and Franchisee. The first Operator is identified in the Summary Page.

(eee) "**Party**" or "**Parties**" means "either Franchisor or Franchisee individually or collectively.

(fff) "**PCI DSS**" means Payment Card Industry Data Security Standards.

(ggg) "**Person**" means any natural person or Entity.

(hhh) "**Personnel**" means all Persons employed by Franchisee in connection with the management or operation of the Makery.

(iii) "**Permanently Disabled**" means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Franchisee or any Principal holding a Controlling Interest in Franchisee from performing his or her obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the Parties disagree as to whether a Person is Permanently Disabled, the determination will be made by a licensed practicing physician, selected by Franchisor, upon examination of the Person, or, if the Person refuses to submit to an examination, then for purposes of Section 18(e), the Person will automatically be considered Permanently Disabled as of the date of refusal.

(jjj) "**POS System**" means the computerized point of sale cash collection system (including all related hardware and software) as specified in the Manuals or otherwise by Franchisor in writing for use in connection with the Makery.

(kkk) "**Premises**" means the site approved by Franchisor for Franchisee's Makery as set forth in Exhibit G to this Agreement and referred to in Section 2(b).

(lll) "**Principal**" means, collectively or individually, the Persons holding a direct or indirect Equity Interest in Franchisee or in any Affiliate of Franchisee as designated by Franchisor and Franchisee's officers and directors. If this Agreement is executed pursuant to an area development agreement with Franchisor, all references to Principal in this Agreement will apply to developer under such area development agreement.

(mmm)"**Products**" means all soaps, salts, bath bombs, shower fizzes, body and foot scrubs, shower oils, shave soaps, beard balms and oils, body butters, lotions, shampoos, bath truffles, facial masks, facial cleansers facial scrubs, lip balms, facial creams, toners, facial serums, pet products, laundry products, and related bath, body products and accessories, used, manufactured, produced or made available for purchase at or from the Makeries, as specified from time to time by Franchisor in the Manuals, or otherwise in writing. Products include the Proprietary Products.

(nnn) "**Proprietary Products**" means, collectively, any ingredients, products, supplies, apparel, equipment, and any other merchandise or property that you must use or sell to operate the Makery in accordance with the System which either (1) display the Marks or (2) are specially configured, manufactured or produced by, or for, us in accordance with our specifications. Without limiting this category, Proprietary Products include Collateral Logo Merchandise.

(ooo) "**Proprietary Software**" means certain computer software that is owned or licensed by Franchisor used in the operation of the POS System and/or Technology System.

(ppp) "**Protected Area**" means the geographic area referred to in Section 2(d) and described in Exhibit G.

(qqq) "**Reporting Period**" means each calendar month of the Makery's operation, with the first Reporting Period being prorated from the Opening Date to the end of the same month.

(rrr) "**Reserved Area**" means any location that by their nature are unique and separate in character from locations generally developed as Buff City Soap makeries which include military bases, airports, shopping malls, hospitals, campuses, schools, hotels, casinos and other mass gathering locations or events.

(sss) "**Royalty Fee**" means the continuing monthly royalty fee Franchisee must pay to Franchisor as set forth in Section 4(b).

(ttt) "**Site Application**" means the documents and information that Franchisee must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation, demographic data, photographs, maps, artists' renderings, site plans, and/or a copy of the Lease and documentation indicating Franchisee's prospects for acquiring possessory interest in the Premises.

(uuu) "**Social Media**" means personal blogs, common social networks like Facebook, Pinterest, FourSquare, Yelp and Instagram, professional networks like LinkedIn, live blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites and other similar social networking or media sites or tools.

(vvv) "**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Buff City Soap makeries, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(www) "**Successor Fee**" means the successor fee Franchisee must pay to Franchisor as set forth in Section 3(c)(4) and in the amount set forth in the Summary Page.

(xxx) "**Successor Term**" means the 5-year period commencing after the expiration of the Initial Term or the first Successor Term, as applicable, in accordance with Section 3(b).

(yyy) "**Summary Page**" means the Summary Page of this Agreement that directly precedes the Table of Contents of this Agreement.

(zzz) "**System**" means the distinctive, unique and proprietary marks and trade dress, products, presentation styles and services, know-how, methods of operation, identification, décor, furnishings, equipment, training, service, production, technology, marketing, advertising, promotion and development that we may designate in written or electronic form or through usage from time to time that define and distinguish a Buff City Soap makery, including (without limitation) (1) plans and specifications for interior and exterior signs, designs, layouts and color schemes; (2) methods, techniques, formats, systems,, ingredients, product preparation instructions, specifications, procedures, information, trade secrets, sales and marketing programs; (3) methods of business operations and management; (4) Standards; (5) the Manuals; and (6) knowledge and experience regarding the operation and franchising of Buff City Soap makeries.

(aaaa) "**Technology Fee**" means the continuing monthly fee that Franchisee must pay to Franchisor as set forth in Section 4 and in the amount set forth in the Summary Page for access and use of certain components of the Technology System and support services related thereto.

(bbbb) "**Technology System**" means and includes, without limitation, (1) POS System, computer system, software (including Proprietary Software) data, telephone, voice messaging, retrieval and transmission system; (2) customer relationship management systems; (3) printers and other peripheral devices; (4) archival back-up systems; (5) Internet access mode (e.g. form of telecommunications connection) and speed; and (6) WiFi and other Internet services for customers.

(cccc) "**Term**" means the term of this Agreement, including the Initial Term and any Successor Term.

(dddd) "**Trade Dress**" means the unique, distinctive, and non-functional overall appearance and image of the Makery in the marketplace, and includes the Standards.

(eeee) "**Transfer**" means and includes any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by Franchisee or any of its Principals of all or any part of its rights, interests or obligations in this Agreement, Franchisee, the Makery (including the Premises), the Operating Assets or any Equity Interest, directly or indirectly, in Franchisee to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control of Franchisee, this Agreement, or substantially all of the assets of the business operated pursuant to this Agreement. Any transfer of an Equity Interest in Franchisee or the ownership, possession, or Control of the Makery may be made only in conjunction with a Transfer of this Agreement.

(ffff) "**Transfer Fee**" means the transfer fee Franchisee or the transferee must pay to Franchisor as set forth in Section 18 and in the amount set forth in the Summary Page.

2. GRANT OF FRANCHISE.

(a) **Grant**. Subject to the reserved rights described in Section 2(e), Franchisor grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and obligation, to operate a Makery in accordance with this Agreement, the Standards and Manuals at the Premises within the Designated Area.

(b) **Premises**. This Agreement does not grant to Franchisee the right or license to operate the Makery or to offer or sell any Products at or from any location other than the Premises.

(c) **Relocation**. Franchisee will not relocate the Makery without the express prior written consent of Franchisor. If Franchisee is unable to continue the operation of the Makery at the Premises because of the occurrence of a Force Majeure Event, then Franchisee may request approval of Franchisor to relocate the Makery to another location in the Designated Area. Any other request to relocate the Makery will be at Franchisor's sole option. If Franchisor elects to grant Franchisee the right to relocate the Makery, then Franchisee will comply with Franchisor's then-current site selection and construction procedures.

(d) **Designated Area/Protected Area**. Franchisee must operate the Makery at a site within the Designated Area. Upon Franchisor's approval of the Premises and the Parties' execution of Exhibit G identifying the location of the Premises, Franchisee's Protected Area will be described in Exhibit G and deemed incorporated herein. Except as otherwise provided in this Agreement (including without limitation Franchisor's reserved rights set forth in Section 2(e)), and subject to Franchisee's full compliance with this Agreement and any other agreement between Franchisee or any of its Affiliates and Franchisor or any of its Affiliates, neither Franchisor nor any Affiliate will operate or authorize any Person other than Franchisee to operate a Buff City Soap makery in the Designated Area until Franchisee's Protected Area is identified, and thereafter will not operate or authorize any Person other than Franchisee to operate a Buff City Soap makery in the Protected Area during the Term. Notwithstanding the foregoing, this Section 2(d) will not apply to any Buff City Soap makeries operating or in development by any Person within the Designated Area as of the Effective Date.

(e) **Reserved Rights**. Franchisor retains all rights inside and outside the Protected Area except those that are expressly granted to Franchisee in this Agreement. Without limiting Franchisor's and its Affiliate's rights described in this Section 2(e), Franchisor and its Affiliates and any other authorized Person may, among other things:

(1) Advertise and promote the System within and outside the Protected Area;

(2) Operate, and license others to operate, Buff City Soap makeries at any location outside the Protected Area, including locations that are adjacent to the Protected Area;

(3) Except for the restriction against the establishment of another Buff City Soap makery in the Protected Area, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at Buff City Soap makeries (such as packaged personal care products, clothing, merchandise and other Buff City Soap memorabilia), under the Marks or other trademarks at or from any location or through any channel of distribution (including, but not limited to, spas, salons, boutiques, supermarkets, discount stores, department stores and convenience stores, hospitals, health care facilities, airports, stadiums, business or industry locations (*e.g.* manufacturing site, office building, distribution facilities), military installations, military commissaries, universities, schools, the Internet (or any other existing or future form of electronic commerce), other retail locations or wholesale channels and other retail facilities such as kiosks and multi-brand facilities providing a limited number or representative sample of the Products and services normally offered by a Buff City Soap makery);

(4) Establish and operate, and license others to establish and operate, any business other than a Buff City Soap makery, including other shops or retail businesses, under the Marks or under other marks, including makeries or other businesses that Franchisor or its Affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and

(5) Establish and operate and license others to establish and operate, Buff City Soap makeries and other retail facilities in any Reserved Area whether or not located within the Protected Area.

3. TERM OF FRANCHISE.

(a) **Initial Term**. The Initial Term will commence on the Effective Date of this Agreement and expire on the tenth anniversary of the Effective Date. Nothing contained in this Section 3(a) will limit Franchisor's termination rights set forth in Section 20.

(b) **Successor Term**. Franchisee may, at its option, continue to operate the Makery for two consecutive Successor Terms, subject to all of the following conditions which must be met prior to and at the time of such Successor Term.

(c) **Franchisee's Notice**. Franchisee must give Franchisor Notice of its election to continue to operate the Makery for a Successor Term no later than six months before the expiration of the Initial Term.

(1) Good Standing. Franchisee must not be in default, nor previously have been in default within the 12-month period preceding its Notice of election, of any provision of this Agreement or any other agreement between Franchisee or any of its Affiliates and Franchisor and any of its Affiliates, and Franchisee must have substantially and timely complied with all the terms and conditions of this Agreement and such other agreements during the terms thereof. In addition, the Makery must not be in the bottom quartile of average monthly Net Sales of all Buff City Soap makeries operating during the full 12-month period preceding Notice of election.

(2) Premises. Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of the Premises for the duration of the Successor Term.

(3) Maintenance. Franchisee must repair, replace, or procure, at Franchisee's sole cost and expense, the Operating Assets, supplies, and other products and materials required for the operation of the Makery as Franchisor may require, including, without limitation, new or additional items which may be reasonably required by Franchisor for Franchisee to offer and sell new Products, and to otherwise modernize the Makery to reflect the then-current Standards and image of the System as set forth in the Manuals or otherwise provided in writing by Franchisor.

(4) New Agreement and Successor Fee. Franchisee must execute Franchisor's then-current form of franchise agreement, which agreement will supersede this Agreement in all respects (except for those covenants and obligations that expressly or by their nature survive termination or expiration of this Agreement, provided that in the event of any conflict between such surviving covenants and obligations and the covenants and obligations set forth in the then-current form of franchise agreement, the then-current form of franchise agreement will control), and the terms of which may differ from the terms of this Agreement, including, without limitation, an increase in the Royalty Fee, Brand Fund Contribution and/or Local Marketing Expenditure requirement; provided that Franchisee must pay to Franchisor, in lieu of an Initial Franchise Fee, a Successor Fee.

(5) Training. Franchisee must comply with Franchisor's then-current qualification and training requirements at its sole cost and expense.

(6) Release. Franchisee and each Principal must execute a general release, in a form satisfactory to Franchisor, of any and all claims against the Franchisor Indemnitees, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations, subject to Applicable Law.

4. FEES.

Franchisee must pay the fees described below and comply with the following provisions:

(a) **Initial Franchise Fee**. Franchisee must pay to Franchisor a non-refundable Initial Franchise Fee in the amount set forth in the Summary Page, which will be due upon Franchisee's execution of this Agreement. The Initial Franchise Fee is non-refundable and fully earned by Franchisor upon the execution of this Agreement. If Franchisee executes this Agreement pursuant to an area development agreement between Franchisor and Franchisee or its Affiliate (as developer), the development fee paid to Franchisor in connection with the execution of such area development agreement will be applied in full satisfaction (for the first Makery) or to satisfy one-half (for each additional Makery) of the Initial Franchisee Fee as set forth in the area development agreement.

(b) **Royalty Fee**. Franchisee must pay to Franchisor a non-refundable Royalty Fee. The Royalty Fee for the Initial Term is set forth in the Summary Page. The Royalty Fee paid by Franchisee during the Successor Term, if applicable, will be as set forth in the franchise agreement executed by Franchisee pursuant to Section 3(c)(4).

(c) **Brand Fund Contribution**. Franchisee must pay to Franchisor a non-refundable Brand Fund Contribution as a contribution to the Brand Fund.

(d) **Technology Fee**. Franchisee must pay to Franchisor a non-refundable Technology Fee. The Technology Fee may be increased upon 60 days' prior written notice from Franchisor.

(e) **Other Fees**. Franchisee must pay such other fees or amounts described in this Agreement.

(f) **Remittances**. The Royalty Fee, Brand Fund Contribution, Technology Fee and any other periodic fees required by this Agreement will be due and payable each month based on the Net Sales for the preceding month and must be paid so that they are received by Franchisor on or before the15th of each month. Franchisor has the right to modify the due date to every Friday based on Net Sales for the preceding week (commencing on Monday and closing on Sunday) upon 60 days prior written notice to Franchisee.

(g) **Reports**. Franchisee must submit the Net Sales daily via Franchisor's Intranet system or through other electronic data interfaces that Franchisor may require from time to time. Franchisee must verify the accuracy of the Net Sales each week as set forth in the Manuals. In addition to the reports Franchisee is

required to provide pursuant to Section 14(c), Franchisee must submit to Franchisor all reports related to the operation of the Makery as set forth in the Manuals during the preceding Reporting Period by the tenth day of the following Reporting Period (or such other date specified by Franchisor) and in the form Franchisor requires.

(h) **Electronic Transfer of Funds**. Upon execution of this Agreement and at any time thereafter as Franchisor may require, Franchisee must sign the electronic transfer of funds authorization attached to this Agreement as Exhibit E, and all other documents and instruments necessary to permit Franchisor to withdraw by electronic funds transfer from Franchisee's designated bank account the Royalty Fee, Brand Fund Contribution, Technology Fee and any other amounts owed to Franchisor or its Affiliates on the date or dates that such amounts are due (including without limitation amounts owed to Franchisor's Affiliate for supplies, raw materials, component ingredients and Products purchased by Franchisee for use in the operation of the Makery). Franchisee must maintain a balance in such account sufficient to allow Franchisor and its Affiliates to collect the amounts owed when due. Franchisee is responsible for any penalties, fines, or other similar expenses associated with the transfer of funds described herein.

(i) **Interest and Fees on Late Payments**. Any payment not actually received by Franchisor on or before the date due will be deemed overdue. Time is of the essence with respect to all payments to be made by Franchisee to Franchisor. Any and all amounts that Franchisee owes to Franchisor or any of its Affiliates will bear Interest from and after the date of accrual. Any failure to pay when due all or any fees or other amounts due to Franchisor or any of its Affiliates will constitute a material breach of this Agreement. In addition to Interest charges on late payments due pursuant to this Section 4, Franchisee must pay to Franchisor a late fee in the amount of $150 for each report that Franchisee fails to timely submit to Franchisor pursuant to Section 4(g) and each payment not received by Franchisor by the prescribed due date. This late fee is not Interest or a penalty; the late fee will compensate Franchisor for the administrative and management costs associated with collecting late payments and reports.

(j) **Application of Payments**. Franchisee will not be entitled to withhold payments due to Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor hereunder. Franchisor may, at its sole option, apply Franchisee's payments or any portion thereof to any of Franchisee's past due indebtedness to Franchisor or its Affiliates. Franchisor has the right to set off any amounts Franchisee owes to Franchisor or its Affiliates against any amounts Franchisor may owe to Franchisee.

(k) **Currency**. All amounts payable by Franchisee to Franchisor under this Agreement will be in United States dollars.

(l) **Taxes**. Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Franchisee is obligated to pay all federal, state and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges assessed against Franchisee. Franchisee is responsible for and must indemnify and hold Franchisor Indemnitees harmless against any penalties, Interest and expenses incurred by or assessed against Franchisor as a result of Franchisee's failure to withhold such taxes or to timely remit them to the appropriate taxing authority. Franchisee agrees to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to Franchisee.

5. MAKERY DEVELOPMENT PROCEDURES.

If Franchisee is developing a Makery pursuant to an area development agreement between Franchisee or its Affiliate (as developer) and Franchisor, then the site selection and site acceptance for such Makery will be governed by Sections 5(a) and 5(b) of the area development agreement or such other sections of the area development agreement governing site selection

and site acceptance. If Franchisee is developing the Makery as a single Buff City Soap makery, then Franchisee will obtain Franchisor's approval of Franchisee's proposed site pursuant to Section 5(a) and 5(b) of this Agreement.

(a) **Site Selection**. Franchisee must obtain Franchisor's acceptance of the Premises for the Makery within the Designated Area within 60 days after the Effective Date. Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing the Premises for the Makery within the Designated Area and for finish-out or renovation and equipping the Makery at the Premises. Franchisee will submit to Franchisor its complete Site Application for a proposed site in accordance with the Site Application procedures set forth in the Manuals. Franchisor will provide Franchisee with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the initial proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. Franchisee acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Franchisee prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to Franchisee that any proposed site will be accepted by Franchisor. If Franchisee requests additional on-site evaluations of a proposed site, then Franchisee will pay to Franchisor a site evaluation fee of $500 per site plus Franchisor's costs and expenses associated with each such additional site visit (e.g. travel, accommodations, meals).

(b) **Site Acceptance**. Franchisor will have 30 days after receipt of the complete Site Application to accept or not accept, at its sole option, Franchisee's proposed site. If Franchisor does not respond within the 30-day time period, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's acceptance of a proposed site, Franchisor will identify the Opening Date and the Parties will complete and sign Exhibit G memorializing the location of the Premises, Protected Area and such Opening Date. If Franchisee is entering into this Agreement pursuant to an area development agreement executed between Franchisee or its Affiliate (as developer) and Franchisor, the Opening Date must be set so that upon the expiration of the applicable development period in the development schedule (as defined the area development agreement), there are open and operating the cumulative number of Makeries required in the development schedule of such area development agreement. No site may be used for the location of the Makery unless it is first accepted by Franchisor. Franchisor may revoke its acceptance of a proposed site if Franchisee commits a default of this Agreement and fails to cure such default within the applicable cure period, if any. FRANCHISOR'S APPROVAL OF THE PREMISES AND ITS RENDERING OF SITE SELECTION ASSISTANCE, IF ANY, IN THE SELECTION OF THE PREMISES DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY OR GUARANTEE BY FRANCHISOR, EXPRESS OR IMPLIED, THAT THE MAKERY OPERATED AT THE PREMISES WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL. Franchisor assumes no liability or responsibility for: (1) evaluation of a proposed site's soil for hazardous substances; (2) inspection of any structure on the proposed site for asbestos or other toxic or hazardous materials; or (3) compliance with the ADA and any other Applicable Law. Franchisee is solely responsible for obtaining satisfactory evidence and/or assurances that the proposed site and any structures thereon are free from environmental contamination and in full compliance with all Applicable Law.

(c) **Occupancy of Premises**. Unless otherwise agreed by Franchisor in writing, Franchisee is required to lease the Premises for the Makery. Franchisee will occupy or acquire rights in the Premises within 30 days after Franchisor accepts the site for the premises. Franchisor reserves the right to review the Lease. The proposed Lease will include the Lease

Addendum and will not contain any covenants or other obligations that would prevent, limit or adversely affect Franchisee from performing its obligations under this Agreement. The Lease will provide for Franchisee to have the right to occupy the Premises for the duration of the Initial Term. The Lease Addendum allows Franchisor to take possession of the Premises upon expiration or termination of Franchisee's rights under the Agreement and Franchisor (or its designee) will have the right to operate the Makery at the Premises for the remaining term of the Lease without increase in any rentals payable to the lessor. The proposed Lease will be executed by all necessary parties within ten days after Franchisor accepts the proposed Lease, and Franchisee will furnish a complete copy of the Lease within ten days after execution.

(d) **Failure to Acquire Premises**. Franchisee's failure to acquire the Premises pursuant to a Lease within the time stated in this Section 5 constitutes an Event of Default under this Agreement subject to termination upon notice from Franchisor pursuant to Section 20(a). In such event, Franchisor is not obligated to return the Initial Franchise Fee or any other fees paid by Franchisee under this Agreement.

(e) **Makery Development**.

(1) Franchisee is responsible for obtaining all zoning and regulatory approvals which may be required by Applicable Law or which may be necessary as a result of any restrictive covenants related to the Premises. Prior to beginning the finish-out or renovation of the Premises, Franchisee will obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Makery and submit to Franchisor a certificate of insurance evidencing that the coverage specified in Section 15 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon Franchisor's request, Franchisee will provide to Franchisor additional copies of Franchisee's insurance policies and certificates of insurance and copies of all such approvals, clearances, permits and certifications.

(2) Franchisor will furnish to Franchisee prototypical plans and specifications for a Buff City Soap makery, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront and color scheme. It will be Franchisee's responsibility to have prepared all required architectural, engineering and design plans to suit the shape and dimensions of the Premises, and Franchisee must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements, and with Lease requirements and restrictions.

(3) Franchisee will obtain services as needed only from registered architects, registered engineers, and professional and licensed contractors that meet the Standards for the development, construction and equipping of the Makery. To the extent Franchisee desires to obtain services from an architect, engineer or contractor not already approved by Franchisor, Franchisee will submit to Franchisor the information and documentation set forth in the Manuals regarding the training, experience and financial responsibility of the registered architects, registered engineers and professional and licensed contractors whom Franchisee desires to retain to prepare the plans and construct the Makery, along with copies of all proposed contracts with such architects, engineers and contractors, and any other information requested by Franchisor. In connection with Franchisor's review of any such architect, engineer or contractor, Franchisee will pay Franchisor's then-current fee for such review as set forth in the Manuals. Franchisee will not commence construction of the Makery until Franchisor has consented to Franchisee's use of the registered architects, registered engineers and professional and licensed contractors who will prepare the plans and construct the Makery.

(4) Franchisee will submit its plans to Franchisor and upon Franchisor's request, will submit all revised or "as built" plans during the course of construction. Franchisor will review the plans to confirm they comply with Franchisor's prototypical plans and the Standards. Franchisor will notify Franchisee in

writing whether it accepts or does not accept the plans within 30 days following Franchisor's receipt of the plans. Franchisee may not begin site preparation or construction prior to receiving notification that Franchisor approves the plans. All construction must be in accordance with the plans approved by Franchisor and comply in all respects with Applicable Law and the Lease.

(5) Franchisee will commence construction at least 120 days before the Opening Date as set forth in Exhibit G and will complete construction no later than 30 days before the Opening Date. Construction will be deemed to have commenced upon the commencement of site work by heavy equipment, or in the event the Makery is to be located in existing shell space, commencement of construction-related work at the Premises. Franchisee will advise Franchisor of commencement of construction within ten days of the commencement date. Once construction has commenced at the Premises, it will continue uninterrupted until completed except for interruption by reason of a Force Majeure Event.

(6) Franchisee will use in the development and operation of the Makery only the fixtures, furnishings (including décor), materials, equipment and signs, including without limitation the Buff City Soap Property and Operating Assets, as set forth in the Manuals.

(7) During the course of construction of the Makery, Franchisee will (and will cause its architect, engineer, contractors and subcontractors to) cooperate fully with Franchisor and its designees for the purpose of permitting Franchisor and its designees to inspect the Premises and the course of construction of the Makery to determine whether construction is proceeding according to the plans approved by Franchisor in accordance with Section 5(e)(4) and the Standards. Without limiting the generality of the foregoing, Franchisee and Franchisee's architect, engineer, contractors and subcontractors will supply Franchisor and its designees with samples of construction materials, results and reports related to boring and coring tests, due diligence environmental studies, supplies, equipment and other materials and reports requested by Franchisor or its designees and allow Franchisor and its designees access to the Premises to conduct such inspections. If requested by Franchisor, Franchisee will submit to Franchisor reports with photographs showing progress made in connection with the construction and equipping of the Makery at the frequency prescribed by Franchisor.

(8) Notwithstanding Franchisor's right to approve the plans and inspect the construction work at the Makery, Franchisor and its designees will have no liability or obligation with respect to the Premises, the design or construction of the Makery or the furnishings, fixtures, materials and equipment acquired for the finish-out of the Makery. Franchisee acknowledges and agrees that Franchisor's rights under this Section 5 are exercised solely for the purpose of ensuring compliance with the Standards.

(9) If Franchisor determines (before the Opening Date) that Franchisee has not constructed or remodeled the Makery in strict conformity with the site layout, plans and specifications Franchisor approved, Franchisor may terminate this Agreement for cause, or obtain an injunction from a court of competent jurisdiction against the opening of the Makery and to compel Franchisee to specifically perform its obligation to construct or remodel the Makery in strict conformity with the approved site layout, plans and specifications, in addition to any other remedies available to Franchisor at law or in equity, without any obligation to furnish any bond or security.

(f) **Commence Business**. Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee is obligated to open the Makery and commence business on the Opening Date unless Franchisor consents in writing to an extension of such Opening Date. Prior to opening, Franchisee will complete all interior and exterior preparations for the Makery set forth in this Section 5 and the Manual, deliver to Franchisor a copy of the certificate of occupancy at least seven days prior to the Opening Date and will comply with all

other pre-opening obligations of Franchisee, including without limitation Sections 4(a) (Initial Franchise Fee), 5 (Makery Development Procedures), 6 (Training), 7 (Makery Operations), 8 (Technology System and POS System), 11 (Operational Standards), 12 (Representations, Warranties and Covenants), 13 (Management and Personnel) and 15 (Insurance). If Franchisee fails to comply with any of such obligations, or if Franchisee is otherwise in default of this Agreement, Franchisor will have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Makery and commence business in accordance with this Section 5(f) is an Event of Default. Without limiting the foregoing, if Franchisee satisfies all of the conditions set forth in this Section 5 prior to the Opening Date, as determined by Franchisor, then Franchisor and Franchisee will amend the Opening Date in Exhibit G accordingly.

6. TRAINING.

(a) **Initial Training Program**. Franchisee represents it has obtained the services of an Operator as of the Effective Date. Within 45 days of the Opening Date, the Operator, the General Manager, and those other Personnel designated by Franchisor, including without limitation store trainers and soap makers (but in no event less than one store trainer), must satisfy all requirements of Initial Training to Franchisor's satisfaction. Any replacement or substitute Operator and General Manager must complete Initial Training for their respective positions to Franchisor's satisfaction prior to serving in such positions. Franchisor reserves the right to charge a reasonable fee for any Initial Training provided to any replacement or successor Operator, General Manager or other management Personnel as Franchisor requires. Franchisee will be solely responsible for all costs and expenses incurred by Franchisee, its Operator, General Manager and any other Personnel in connection with any Initial Training program, including, without limitation, costs of obtaining any required certifications, compensation, travel, lodging, meals and other miscellaneous costs. In addition, should your training date change within two weeks prior, you will be responsible for excess travel fees for changes incurred by our training team. Initial Training may be conducted at Franchisor's offices, Franchisee's Makery or another Buff City Soap makery, at Franchisor's sole option. Franchisee, its Operator, General Manager and any other Personnel that attend Initial Training or participate in any other training provided by Franchisor must sign a liability waiver and release in the form prescribed by Franchisor.

(b) **Opening Assistance**. If the Makery is Franchisee's first Buff City Soap Makery, in connection with the commencement of business of the Makery, Franchisor will provide an Opening Team to provide on-site training before and/or after the Makery's Opening Date. Franchisor will determine the necessary number and experience level of the Opening Team and the training days necessary to support the opening or Market Introduction for the Makery based on the experience and training of the existing Personnel. The Opening Team will in no way be responsible for the operation of the Makery before or after the Makery's opening. Franchisee will reimburse Franchisor for all of its reasonable costs and expenses incurred in providing such Opening Team for the Makery, including travel, lodging, meals and miscellaneous costs.

(c) **Additional Training**. Franchisee's Operator, General Manager and such other management Personnel as Franchisor may designate must attend such additional and remedial training programs and seminars as Franchisor may offer from time to time, if Franchisor requires such attendance. Franchisee must pay Franchisor's then-current training fee for any additional training designated by Franchisor or requested by Franchisee. Franchisee will be solely responsible for any and all costs and expenses incurred by Franchisee, its Operator, General Manager and other management Personnel in connection with such additional training, including, without limitation, compensation, travel, lodging and miscellaneous costs.

(d) **Meetings and Conferences**. Franchisor may from time to time hold periodic

system-wide meetings at locations designated by Franchisor to address matters of general interest to the System, including, without limitation, Franchisor's annual franchisee conference. Franchisee's Operator and General Manager will attend any such meetings and conferences as required by Franchisor, subject to Franchisee's payment of a reasonable fee to Franchisor upon its request. Franchisee will be solely responsible for all costs and expenses incurred by Franchisee and its Personnel in connection with attending such meetings and conferences, including, without limitation, costs of obtaining any required certifications, compensation, travel, lodging, meals and miscellaneous expenses.

(e) **On-Site Remedial Assistance**. Upon the reasonable request of Franchisee or as Franchisor deems appropriate, Franchisor will, during the Term, subject to the availability of personnel, provide Franchisee with additional trained representatives who will provide on-site remedial training to Franchisee's Personnel. Franchisee must pay Franchisor's then-current compensation rate for the services of such trained representatives, plus their costs of travel, lodging, meals and any other reasonable out-of-pocket expenses incurred by Franchisor in providing the on-site remedial services.

7. MAKERY AND PROCUREMENT STANDARDS.

(a) **Standards**. Franchisee understands the importance of maintaining uniformity among all of the Buff City Soap makeries and the importance of complying with the Standards relating to the development and operation of the for the protection of the Brand and Franchisor's interest in the System and Marks. Franchisee acknowledges and agrees that the purpose of establishing and enforcing such Standards is not so that Franchisor may exercise any control over the day-to-day operations of the Makery that are reserved to Franchisee. In addition, Franchisee may not engage in any co-branding in or with the Makery or use of the Premises for any purpose other than the operation of the Makery unless Franchisor has previously approved such co-branding in writing.

(b) **Maintenance**. Franchisee must at all times maintain the interior and exterior of the Makery Premises and the surrounding area in good condition and repair and comply with the Standards for cleanliness, organization and sanitation of the Makery. Franchisee is solely responsible for maintenance, repair and replacement where necessary to maintain the Makery in accordance with the Standards and for any liabilities arising from Franchisee's failure to comply with the terms and conditions of this Section 7(b).

(c) **Improvements; System Changes**. Franchisee must, at its sole cost and expense, fully comply with any changes made to the System by Franchisor within a reasonable time. Franchisee may be required to attend meetings, at its own cost and expense, to discuss any System changes. Franchisee will make such capital improvement or modifications necessary to modernize, redecorate and upgrade the Makery, including without limitation the Operating Assets in accordance with Franchisor's then-current Standards, provided that (1) the aggregate amount of capital improvements, modifications and upgrades to the Makery (including those upgrades required in Sections 8(b) and 8(c) of this Agreement) required by Franchisor will not exceed $500,000 during the Initial Term; and (2) Franchisee will not be required to make such capital improvements or modifications more frequently than every 5 years. Franchisee acknowledges that subsection (2) shall not apply to its obligations under Section 7(b). Franchisee must complete to Franchisor's satisfaction any changes Franchisor requires within a reasonable time, and except as otherwise required under this Agreement (e.g. with respect to upgrades of the Technology System set forth in Section 8(a)), such time will not exceed 12 months from the date Franchisee is notified of any required changes unless otherwise agreed to in writing by Franchisor. If Franchisor requests that changes be made to the Makery, Franchisor will provide Franchisee with a sample layout for the interior and exterior changes to be made and a set of typical preliminary plans. Franchisee will, at its sole cost and expense, employ architects, designers, engineers, contractors and others as may be necessary to complete, adapt,

modify or substitute the sample plans for the Makery. Franchisor will have access to the Makery while work is in progress and may require such reasonable alterations or modifications of the construction at the Makery, at Franchisee's sole cost and expense, as Franchisor deems necessary to conform to its Standards. Franchisee acknowledges and agrees that the requirements of this Section 7(c) are both reasonable and necessary to ensure continued Brand loyalty and patronage of Buff City Soap makeries and to avoid deterioration or obsolescence in connection with the operation of the Makery. If Franchisee fails to make any improvement or System changes as required by this Section 7(c) or perform maintenance as described in Section 7(b), Franchisor may, in addition to its other rights in this Agreement, effect such improvement, System changes or maintenance and Franchisee must reimburse Franchisor for the costs Franchisor incurs.

(d) **Designated Supplier**. Franchisee must purchase the Operating Assets, Technology System and Products (including raw materials and component ingredients required to manufacture the Products) from Franchisor's Designated Suppliers as set forth in the Manuals. Franchisee is solely responsible for its payment and performance obligations under its agreement with each Designated Supplier. Franchisor or any of its Affiliates may be designated as the sole Designated Supplier for any Operating Assets, Technology System and Products (including the component ingredients and raw materials). In addition, Franchisor or its Affiliates may receive payments or other consideration from suppliers who provide Operating Assets, Technology System or Products (including raw materials and component ingredients) to franchisees operating under the System which Franchisor or its Affiliates may use in any manner Franchisor determines appropriate.

(e) **Operating Assets**. Franchisor makes no warranties, express or implied, with respect to the Products (including the Proprietary Products), Technology System or Operating Assets provided by any supplier (including any Designated Supplier), including by or as a result of any statements made by Franchisor's employees or agents, or statements contained in the Manuals, printed materials or general advertising materials. Except for any express limited warranty made by Franchisor or its Affiliates with respect to any Product, raw materials or component ingredients used to manufacture the Products, Technology System or Operating Assets sold by Franchisor or its Affiliate, neither Franchisor nor its Affiliates makes any warranty with respect to any Product, raw materials, component ingredients, Technology System or Operating Asset, including any warranty of merchantability or of the fitness of these items for any particular purpose. Any model or sample shown to Franchisee is provided solely to illustrate the general type, nature and quality of such items and not to represent or warrant that any such item would conform to such model or sample.

(f) **Alternate Suppliers**. If Franchisee seeks approval of any new supplier of Operating Assets, Products, raw materials or component ingredients not designated by Franchisor pursuant to Section 7(d) or approval to use new Operating Assets, Technology System or Products, Franchisee will provide Notice to Franchisor and such information required by Franchisor about any proposed new supplier, new Operating Assets, Technology System or Products (including samples of the proposed Operating Assets, Technology System or Products for examination by Franchisor) to enable Franchisor to approve or reject such supplier or items. Franchisor will have the right to require that its authorized representatives be permitted to inspect the proposed supplier's facilities at Franchisee's sole cost and expense. Franchisor will undertake reasonable efforts to respond to such Notice and information within 30 days from the date of its receipt of all of the information Franchisor requested and completion of any facility inspection. Franchisor may terminate or withhold its approval of any supplier, new Operating Assets, new Technology System or new Products that do not satisfy its Standards. Franchisee will not purchase from any unapproved supplier or use unapproved Operating Assets, Technology System or Products in the Makery.

(g) **Group or Cooperative Buying**. If Franchisor or its Affiliate establish a group buying program or purchasing cooperative for the purpose of obtaining improved and sustainable pricing for any Operating Assets, Technology System or Products, including the retention of a third party purchasing agent to facilitate such buying program or cooperative, upon Franchisor's request, Franchisee will become a member of such group buying program or cooperative, make reasonable dues payments for the services of such group buying program or purchasing cooperative and execute all documentation reasonably required by Franchisor to facilitate the foregoing.

8. TECHNOLOGY SYSTEM AND POS SYSTEM.

(a) **Technology System**. Franchisee will purchase, use, and maintain the Technology System prescribed by Franchisor at the Makery. Franchisor may periodically modify Standards for the Technology System, and, if so, Franchisee will acquire, at its cost, such modified Technology System and the computer hardware and software comprising part of the Technology System within 60 days from the date of Notice from Franchisor. Upon Franchisee's request and subject to Franchisee's payment of the then-current fee set forth in the Manuals, Franchisor may provide assistance in developing and planning installation of the Technology System that meets the Standards. Franchisee will pay to Franchisor the Technology Fee in connection with Franchisee's use and access of the Technology System. Franchisor may modify the Technology Fee at any time to reimburse Franchisor for costs incurred in modifying and making enhancements to the Proprietary Software that Franchisor licenses to Franchisee (if any) and other components of the Technology System in addition to other maintenance and support services that Franchisor or its Affiliates furnish to Franchisee related to the Technology System. Franchisee will have sole and complete responsibility for the acquisition, operation, maintenance, and upgrading of the Technology System.

(b) **POS System**. Franchisee will purchase, use and maintain the POS System that Franchisor requires or otherwise approves in writing for the operation of the Makery. The POS System must be connected to a communications medium specified by Franchisor at all times and be capable of accessing the Internet via a designated third-party network for the purpose of implementing software, transmitting and receiving data, accessing the Internet for ordering, and maintaining the POS System. Upon Notice from Franchisor, at Franchisee's cost and expense, the POS System will be electronically linked to Franchisor's (or its Affiliate's) Intranet. Franchisee will provide Franchisor access to any POS System information, at such times and in such manner as established by Franchisor, with or without notice, to retrieve such transaction information, including customer, sales, sales mix, usage, and other operations data as Franchisor deems appropriate. Franchisor may require Franchisee to periodically update, upgrade or replace the POS System, including hardware and/or software, provided that Franchisee will not be required to replace the POS System any more frequently than once every five years.

(c) **Proprietary Software**. If Franchisor designates Proprietary Software, Franchisee will, at Franchisor's written request, license or sublicense such software from Franchisor, its Affiliate or other designee and enter into a software (sub) license agreement on such licensor's then-current form. Franchisee will purchase any periodic upgrades, enhancements or replacements to the Proprietary Software at Franchisee's sole cost and expense, provided such upgrades, enhancements or replacements will be subject to the cap set forth in Section 7(c). Franchisor will provide to Franchisee support services relating to the Proprietary Software as Franchisor deems advisable at a reasonable charge. Franchisee must incorporate any or all required modifications or additions within 30 days after receiving Notice from Franchisor, unless a longer time period is stated in such Notice.

(d) **Intranet**. Franchisor may, at its option, establish and maintain an Intranet through

which Franchisor and Franchisee may communicate with each other. Franchisor will have control over all aspects of the Intranet, including the content and functionality thereof. At Franchisor's option, Franchisor may post, update and disseminate the Manuals and other Confidential Information through the Intranet. Any passwords or other digital identifications necessary to access the Manuals on the Intranet will be deemed to be part of Confidential Information. If established, Franchisee will have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with the Standards. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can access and view any communication that any Person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted or to be posted to it will become Franchisor's sole property, free of any claims of privacy or privilege that Franchisee or any other Person may assert. If established, Franchisor will have no obligation to maintain the Intranet indefinitely, and may modify or dismantle it at any time without liability to Franchisee.

(e) **Systems Access**. Franchisee may be provided access to various computer or electronic systems (or any substitute thereof), including, but not limited to, third-party computer or electronic systems made part of the System. Franchisee will be responsible for its actions and the actions of its Personnel relating to such computer and electronic systems, including use of any logon IDs, passwords or other authentication methods provided to Franchisee. All Franchisee connectivity or attempted connectivity to Franchisor's computer and electronic systems will be only through Franchisor's security gateways or Franchisor's firewalls. Franchisee will not access, and will not permit unauthorized persons or entities within its control to access, Franchisor's computer or electronic systems without Franchisor's express written authorization, and any such actual or attempted access will be consistent with any such authorization. Franchisee will fully comply with Franchisor's systems access requirements and related Standards with respect to such computer and electronic systems.

9. COUPONS, GIFT CARDS, AND LOYALTY PROGRAMS.

Franchisee must, at Franchisee's expense, participate in, and comply with the requirements of, any gift certificate, gift card, stored value card, customer loyalty, or customer retention program (e.g. customer e-mail program) that Franchisor or its Affiliates implement for all or part of the System and must sign the forms and take any other action that Franchisor or its Affiliates require in order for Franchisee to participate in such programs. Without limitation, Franchisee must honor coupons, stored value cards, gift certificates, gift cards, or vouchers sold or distributed by other Buff City Soap locations and include the related proceeds in Net Sales strictly in accordance with the Standards and further comply with Franchisor's policies related to such coupons, stored value cards, gift certificates, gift cards and vouchers set forth in the Manuals. Franchisee will not issue or offer any gift certificate, gift card, stored value card, customer loyalty or retention program without Franchisor's prior written approval. Franchisee will utilize a vendor approved by Franchisor or its Affiliates for gift card processing. Any coupon offer proposed by Franchisee must be approved by Franchisor in writing prior to being offered.

10. MARKETING.

(a) **Brand Fund**. Franchisor administers a Brand Fund for the creation and development of marketing, advertising, and related programs, campaigns and materials, including digital, print, Internet and Social Media, as well as the planning and purchasing of national, regional, and/or local advertising. Franchisee must contribute the Brand Fund Contribution to the Brand Fund as set forth in Section 4(c) of this Agreement. Franchisor may, at its sole option, increase the Brand Fund Contribution upon 60 days' prior notice to Franchisee, provided such increase will not exceed 4%, as further described in Section 10(d).

Franchisor will direct all initiatives related to the positioning of the Brand using the Brand Fund, including without limitation advertising and marketing programs (e.g. research methods,

branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof.

Franchisor may use the Brand Fund to pay the costs of research (including without limitation Product research and development, formulation development, Product design, labeling and packaging), agency of record services, market research (e.g. customer engagement with the Brand, including shop design and décor, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, Product and customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, Social Media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; and supporting public relations, maintenance of the System websites, and online presence; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for the Buff City Soap makeries and the Marks and System under which they operate.

For the avoidance of doubt, Franchisee will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Makery. The Brand Fund will furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee's sole cost.

(b) **Accounting**. The Brand Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the Brand Fund and its programs, including as described in Section 10(a) and with respect to collecting and accounting for contributions to the Brand Fund. The Brand Fund is operated solely as a conduit for collecting and expending the Brand Fund Contributions described in Section 4(c). Franchisor does not act as trustee with respect to the Brand Fund and has no fiduciary duty to Franchisee or its Affiliates, Principals or any other franchisees with regard to the operation or administration of the Brand Fund. Franchisor may spend, on behalf of the Brand Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Makeries to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All Interest earned on monies contributed to the Brand Fund will be used to pay advertising costs before other assets of the Brand Fund are expended. Franchisor will, upon Franchisee's written request (but no more than once annually) provide a copy of its unaudited annual statement of monies collected and costs incurred by the Brand Fund. Franchisor will have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(c) **Proportionality**. Franchisee acknowledges that the Brand Fund is intended to maximize recognition of the Marks and patronage of Buff City Soap makeries generally. Although the Franchisor will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor has no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the Brand Fund Contributions made by Buff City Soap makeries operated by franchisees in that geographic area, nor is Franchisor under any obligation to ensure that Franchisee's Makery or any other Buff City Soap makery will benefit directly or in proportion to its Brand Fund Contribution, or that all Buff City Soap makeries operated by Franchisor or

any of its Affiliates will pay the same Brand Fund Contribution. Except as expressly provided in this Section 10, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the Brand Fund. Franchisor reserves the right to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating a Buff City Soap makery in proportion to their respective contributions to the Brand Fund accrued during the preceding three-month period.

(d) **Local Marketing Expenditure**. In addition to the contributions that Franchisee pays to the Brand Fund, Franchisee must make the Local Marketing Expenditure in such amounts as Franchisor establishes from time to time, which when combined with the amount Franchisee has paid in Brand Fund Contributions for the applicable fiscal quarters (if any), will not exceed 4 % of Net Sales (allocated by Franchisor, at its sole option, among the Brand Fund and Local Marketing Expenditure), during any period consisting of four consecutive fiscal quarters. The initial Local Marketing Expenditure is set forth in the Summary Page. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 10(d). If Franchisor determines that Franchisee's Local Marketing Expenditure, combined with the Brand Fund Contributions total less than the then-current percentage of Net Sales required by Franchisor during the then-most recently completed four consecutive fiscal quarters, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Net Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the fiscal quarter in which Franchisee receives such Notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 4(h) and contribute them to the Brand Fund, without any liability or obligation to use such funds for Franchisee's local advertising. Franchisor will provide Franchisee with not less than 30 days' Notice of any determination which changes the amount of the Local Marketing Expenditure Franchisee must spend. Franchisee will throughout the Term engage in local advertising, marketing and promotional activities and campaigns in accordance with Franchisor's Standards and the Manuals. All such local advertising, marketing and promotional activities and campaigns must be approved by Franchisor in advance in writing. Franchisor may withdraw its approval at any time if any such activity or campaign fails to comply with Franchisor's then-current Standards and Manuals. The Local Marketing Expenditure will be used to pay for the cost of implementing local marketing plans developed by Franchisor and adapted and implemented by Franchisee with Franchisor's approval which may include amounts spent by Franchisee for (i) advertising media and community relations, such as television, radio, Internet, Social Media, newspaper, billboards, posters, direct mail, collateral and promotional items; (ii) advertising on public vehicles (transit and aerial) and (iii) public relations and the cost of producing approved materials necessary to participate in such public relations. Local Marketing Expenditure do not include amounts spent for items which Franchisor, in its sole judgment, deems inappropriate for meeting the minimum requirement for Local Marketing Expenditure, including permanent on-site signs, point of purchase materials and store hours, complimentary charges, donations, lighting, Personnel salaries or administrative costs, transportation vehicles (even though such vehicles may display the Marks), discounts, free offers and Personnel or crew member incentive programs.

(e) **Special Promotions**. In addition to the national, regional and local advertising described in this Section 10, Franchisor may from time to time develop and administer advertising, marketing and sales promotional programs in which Franchisee will participate upon such terms and conditions established by Franchisor. Such programs are in addition to Franchisee's local marketing requirements pursuant to Section 10(d) and may include without limitation marketing promotions,

Product promotions, specialized Product offerings/limited time offers and similar programs. All phases of such advertising, marketing and promotion, including the type, quantity, timing, placement, choice of media, market areas, promotional programs and advertising agencies will be determined solely by Franchisor.

(f) **Market Introduction**. Franchisor will provide to Franchisee a template plan for the Market Introduction for the Makery, including a budget template, at least 60 days before the Opening Date, including Franchisor's market introduction materials, which are intended to facilitate the introduction of the Brand to the market and support the opening of the Makery through a concentrated, consistent marketing commitment from Franchisee during the immediate pre-opening and post opening periods. Franchisee will develop and submit to Franchisor, at least 30 days before the Opening Date, Franchisee's plan for Marketing Introduction that conforms to Franchisor's template, complies with the Standards for Market Introduction of Buff City Soap makeries and provides for spending at least the Marketing Introduction Budget. Franchisor will respond with comments and acceptance or rejection of the Market Introduction plan within ten Business Days. Franchisor's acceptance of Franchisee's plan for Market Introduction does not constitute a representation, warranty or guarantee of Franchisor that the Market Introduction or opening of the Makery will be successful or profitable. Once accepted, Franchisee must proceed to execute and complete the Market Introduction Plan according to its timeline. Franchisor will require proof of Franchisee's expenditures and execution of the Marketing Introduction plan as accepted. Franchisee's obligations under this Section 10(f) are in addition to Franchisee's obligations to contribute to the Brand Fund and make the Local Marketing Expenditure.

(g) **Public Announcements**. No public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby, the operation of Franchisee's Makery, or any Crisis Management Event will be made by Franchisee without Notice to Franchisor and Franchisor's prior approval of such communication, press release or announcement. Franchisee will not disclose the substance of this Agreement to any third party except: (1) as necessary to obtain a Lease or renewal or obtain any permit, license or other approvals; or (2) to the extent required by the lawful order of any court of competent jurisdiction having jurisdiction over Franchisee or for any public disclosure otherwise required by Applicable Law.

(h) **Positioning**. Franchisee must adhere to the Standards and other guidance on Brand positioning with respect to pricing, Product offerings, advertising and promotional activities and campaigns, and other key Brand presentation attributes.

(i) **Truthful Advertising, Marketing, and Promotion**. Any advertising, promotion, and marketing Franchisee conducts must be factually accurate and not misleading and conform to the highest standards of ethical marketing and the promotional policies which Franchisor prescribes from time to time, including, but limited to, the Standards. Samples of all advertising, promotional, and marketing materials which Franchisor has not prepared or previously approved in writing within the prior 12 months must be submitted to Franchisor for approval before Franchisee may use them. Franchisee may not use any advertising or promotional materials or engage in any advertising or promotional campaigns that Franchisor has not approved in writing or has expressly disapproved. Franchisor will own the copyrights to any materials and campaigns submitted, regardless of whether Franchisor approves such materials and campaigns. In all cases, Franchisor has control over any profiles that use or relate to the Marks, that display the Marks, or that are maintained on Social Media websites and applications and all other similar websites and applications that may exist in the future. Franchisor may use part of the Brand Fund monies collected under this Agreement to pay or reimburse the costs associated with the development, maintenance, and update of such profiles. Franchisor may (but need not) establish

guidelines pursuant to which Franchisee may establish profiles or otherwise establish a presence on such Social Media websites and platforms. In such event, Franchisee must comply with the Standards imposed from time to time on such use. Franchisee will sign over control of any Social Media accounts or profiles, with network bases intact, and provide access to reports and history of promotion performance, upon Franchisor's request.

(j) **Advertising Cooperatives**. Franchisor may, at its sole option, require you to participate in certain local or regional advertising cooperatives organized and/or approved by Franchisor and composed of certain other Buff City Soap makeries located in the geographic area in which the Makery is located, as set forth in the applicable cooperative advertising agreement. If Franchisee is required to participate in a Franchisor-approved advertising cooperative, Franchisee will be required to execute Franchisor's then-current standard advertising cooperative agreement. Franchisor may terminate any advertising cooperative pursuant to the terms of the applicable cooperative advertising agreement. Franchisor may require advertising cooperatives to be formed, changed, dissolved or merged.

11. MAKERY OPERATIONS.

(a) **Manuals**. Franchisee will comply with the Standards as set forth in the Manuals and as may from time to time otherwise be prescribed in writing in connection with the operation of the Makery, including without limitation operating the Makery during hours and days of the week specified in the Manuals. Franchisor has provided to Franchisee one copy of each of its Manuals "on loan" for the Term. Franchisor may, at its option, make the Manuals and related Standards available to Franchisee via the Intranet. Franchisor may periodically update and amend the Manuals and will notify Franchisee in writing of any such updates or amendments, which will thereupon become a part of the Manuals. Franchisee must comply with all written updates and amendments to the Manuals. In the event of a dispute relating to the contents of the Manuals, the master copy that Franchisor maintains at its principal office or on the Intranet, as designated by Franchisor, will prevail. If Franchisee's hard copy of the Manuals is lost, destroyed or significantly damaged, Franchisee will obtain a replacement copy at the then-applicable charge to reimburse cost of replacement. Franchisee will use the digital version of the Manuals in their current form available to Franchisee on the Intranet as instructed. Franchisee will treat the Manuals as confidential and maintain the information in the Manuals as Confidential Information. Franchisee will return all hard copies of the Manuals to Franchisor and destroy any electronic copies of the Manuals in Franchisee's possession or control immediately on expiration or termination of this Agreement.

(b) **Compliance with Applicable Law; Operating Permits**. Franchisee will develop and at all times operate the Makery in full compliance with Applicable Law, including but not limited to all Products and services offered and sold at or by the Makery. Franchisee must notify Franchisor in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action, or the issuance of an order of any court, agency, or other governmental instrumentality, which may adversely affect the development, occupancy, or operation of the Makery or Franchisee's financial condition; or the delivery of any notice of violation or alleged violation of any Applicable Law, including those relating to health or sanitation at the Makery. Franchisee will refrain from any business or advertising practice which may be injurious to Franchisor's business, to the business of other Buff City Soap makeries, or to the goodwill associated with the Marks. Franchisee will be solely responsible for procuring and continuously maintaining thereafter all approvals, permits, certifications and/or licenses required for the development and operation of the Makery.

(c) **Credit Card and Other Methods of Payment**. Franchisor may, at its option, designate in writing credit and debit card issuers or sponsors check or credit verification services, financial center services, and electronic funds transfer systems, and upon any such

designation by Franchisor, Franchisee must maintain credit card relationships with such credit and debit card issuers or sponsors check or credit verification services, financial center services, and/or electronic funds transfer systems in connection with the operation of the Makery and refrain from using any services or providers that Franchisor has not approved in writing or for which Franchisor has revoked its approval. Franchisor may modify its requirements and designate additional approval or required methods of payment and vendors for processing such payment. Franchisee must comply with the PCI DSS as they may be revised and modified by the Payment Card Industry Security Standards Council, or any successor or replacement organization and/or in accordance with other standards Franchisor may specify, and FACTA. Franchisee also must upgrade periodically its Technology System, at Franchisee's expense, to maintain compliance with PCI DSS, FACTA and all Applicable Law. Franchisee must notify Franchisor immediately if it is notified of a credit card breach (as such constitutes a Crisis Management Event) related to the Makery and Franchisee's business related thereto and must cooperate with applicable authorities fully with respect to the investigation. Further, Franchisee must cooperate with Franchisor fully with respect to media statements (if any) and other items related to managing the Crisis Management Event for the purpose of protecting the Marks and System.

(d) **Privacy Laws**. Franchisee will abide by all privacy laws and comply with Franchisor's policies pertaining to privacy laws at all times during the Term. If there is a conflict between Franchisor's policies pertaining to privacy laws and applicable statutory privacy laws, Franchisee will comply with the requirements of the applicable statutory privacy laws, immediately provide Franchisor with written notice of said conflict and promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to satisfy Franchisor's policies within the bounds of applicable statutory privacy laws.

(e) **Customer Data**. All information, mailing lists and data bases of Customer Data from whatever source derived, will be Franchisor's property. Franchisee will not use such Customer Data, except in connection with the operation of the Makery and in accordance with this Agreement. Franchisee will not use, process, copy, display, publish, store or transfer the Customer Data without Franchisor's written approval. Franchisee will fully comply with all Applicable Law with respect to Customer Data, including as set forth in Sections 11(b)-11(d).

(f) **Trade Accounts**. With respect to any supplier, including without limitation Franchisor and its Affiliates, Franchisee will maintain its trade accounts in a current status and will seek to resolve any disputes with such suppliers promptly. If Franchisee fails to maintain such trade accounts on a current status, to timely pay any amounts owing to any other third parties providing services, Franchisor may, but is not required to, pay any such amounts and/or perform such obligations on Franchisee's behalf. If Franchisor elects to pay any such amounts, then Franchisee must promptly reimburse Franchisor, upon receipt of Franchisor's invoice, for such amounts and its administrative services in doing so. Franchisor may also set off the amount of any such reimbursement against any payments due to Franchisee at its sole option.

(g) **Proprietary Products**. Franchisor may develop or acquire for use in the System certain Products which are prepared from confidential or secret formulations and considered trade secrets of Franchisor and/or its Affiliates. Because of the importance of quality and uniformity of production and the significance of such Products in the System, it is to the mutual benefit of the Parties that Franchisor closely controls the manufacturing, production and distribution of such Products. Accordingly, if such Products become a part of the System, Franchisee will use only Franchisor's confidential or secret formulation in manufacturing and producing such Products and will purchase, at the prevailing price plus freight, taxes, and other costs of delivery, solely from Franchisor or from a Designated Supplier, all of Franchisee's requirements for such Products,

including, without limitation, all Proprietary Products, raw materials, component ingredients, packaging and labeling.

(h) **Approved Products**. Franchisee must comply with the Standards relating to the purchase of all Products (including all raw materials, component ingredients, packaging, labeling and the Proprietary Products), the Operating Assets and Technology System, supplies, merchandise, paper goods, and other products used or offered for sale at the Makery. Franchisee must acquire such items from Designated Suppliers or suppliers that otherwise satisfy the Standards, as set forth in the Manuals. ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS (INCLUDING RAW MATERIALS AND COMPONENT INGREDIENTS), EQUIPMENT (INCLUDING WITHOUT LIMITATION THE TECHNOLOGY SYSTEM AND OPERATING ASSETS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.

Franchisee must maintain in sufficient supply and use and sell at all times only such Products, raw materials, component ingredients, packaging, labeling, supplies, and paper goods that conform to the Standards. Franchisee must manufacture, produce, label and package all Products in accordance with Franchisor's formulations and procedures for the Products contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of raw materials and component ingredients. Franchisee will refrain from deviating from Franchisor's Standards, including, without limitation, by the use or offer of non-conforming items or differing amounts of any items, without Franchisor's prior written consent.

Franchisee must sell or offer for sale all Products and services (and only those Products and services) required by Franchisor and utilizing the method, manner and style prescribed by Franchisor, as expressly authorized by Franchisor in writing. Franchisee must immediately discontinue selling and offering for sale any Products or services and any method, manner, or style of distribution which Franchisor may, at its sole option, disapprove in writing at any time. Any and all formulations for new and existing Products submitted by Franchisee to Franchisor will be considered Ideas and Concepts and become the property of Franchisor, as further described in Section 12(b). Unless Franchisor consents, Franchisee will not sell, dispense, give away, or otherwise provide Products or other items, except by means of retail sales at the Makery, a program of charitable giving, or as otherwise approved in advance in writing by Franchisor.

(i) **Customer Satisfaction and Surveys**. Franchisee will participate in all customer surveys and satisfaction audits as Franchisor may require from time to time, which may require Franchisee to provide discounted or complimentary Products. Additionally, Franchisee will participate in any customer complaint resolution and other programs as Franchisor may reasonably establish for all or part of the System, which programs may include, without limitation, providing discounts or refunds to customers. For any such sales, the amount actually paid by the customer after the discount or refund is applied and not the advertised price will be considered for purposes of Net Sales.

12. REPRESENTATIONS, WARRANTIES, AND COVENANTS.

(a) **Business Entity Franchisee**.

(1) Franchisee warrants that it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement; it will furnish such other information about its organization or formation as Franchisor may reasonably request to confirm the same; and the execution and delivery of this Agreement has been duly authorized by it. Franchisee's company agreements must provide that its purpose and activities are restricted to the operation of Buff City Soap makeries and further must impose the restrictions against Transfer set forth in Section 18 of this Agreement.

(2) If Franchisee is not publicly traded (i.e., less than 20% of its equity shares that are entitled to participate in the election of its Board of Directors are traded on a national exchange in the United States), it will disclose to Franchisor all Principals holding in excess of 5% of all Equity Interests in Franchisee and will disclose to Franchisor all beneficial owners, directors, officers, employees or agents of Franchisee who are government officials. Franchisee will provide Franchisor with such financial information as Franchisor may periodically request from Franchisee and each Principal.

(3) If Franchisee is not publicly traded, each Principal will execute and deliver to Franchisor a Guaranty and Undertaking of Obligations in the form attached hereto as Exhibit B.

(b) **Ideas and Concepts**. From time to time in connection with the operation of the Makery, Franchisee may create or develop Ideas and Concepts that Franchisee believes will improve the Products, System or the Makeries. Franchisee will promptly disclose such Ideas and Concepts to Franchisor and will not implement such Ideas and Concepts without the prior written approval of Franchisor. Franchisor may elect to use or adopt such Ideas and Concepts if Franchisor determines that such adoption or use will benefit the System. If Franchisor uses or adopts any of such Ideas and Concepts, they will be deemed to be part of the System without any compensation payable to Franchisee by Franchisor. All Ideas and Concepts, whether or not constituting protectable Intellectual Property, and whether created by or on behalf of Franchisee, any Principal or Personnel in connection with the Makeries, will be deemed to be Franchisor's sole and exclusive Intellectual Property. Franchisee, on behalf of itself and its Principals and all Personnel, hereby assign all rights in any Ideas and Concepts to Franchisor or any of its Affiliates and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or any of its Affiliate's ownership of such Ideas and Concepts.

13. MANAGEMENT AND PERSONNEL.

At all times throughout the Term, Franchisee will hire, train and supervise Personnel sufficient to meet its obligations under this Agreement in accordance with the Standards or otherwise in writing by Franchisor. Franchisee will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its Personnel preserve good customer relations and fully comply with Applicable Law.

(a) **General Manager**. At least 60 days prior to the Opening Date, Franchisee must designate and retain at all times a General Manager qualified to manage the Makery in accordance with the Standards including but not limited to completion of the Initial Training for General Managers set forth in the Manuals to Franchisor's satisfaction as described in Section 6. The General Manager will execute the Confidentiality and Non-Disclosure Agreement attached hereto as Exhibit C and report to the Operator. If, during the Term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section 13(a),

Franchisee must promptly notify Franchisor in writing and designate a replacement within 30 days after the General Manager ceases to serve, such replacement being subject to the same qualifications described above. Franchisee must provide for interim management of the Makery until such replacement is so designated, such interim supervision to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section 13(a) will be deemed an Event of Default under this Agreement.

(b) **Operator**. Concurrently with the execution of this Agreement, Franchisee must designate and retain at all times an Operator who will manage the Makery in accordance with the Standards including but not limited to completion of Initial Training to Franchisor's satisfaction, as described in Section 6. The Operator will execute the Operator's Confidentiality and Non-Compete Agreement attached to this Agreement as Exhibit D. The Operator will supervise the General Manager and the operations of the Makery. The Operator may not be involved in or supervise any other business or retail establishment concept outside of Buff City Soap makeries. If, during the Term of this Agreement, the Operator is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section 13(b), Franchisee must promptly notify Franchisor in writing and designate a replacement within 30 days after the Operator ceases to serve, such replacement being subject to the same qualifications described above. Franchisee must provide for interim management of all Makeries owned by Franchisee that the Operator supervised until such replacement is so designated, such interim supervision to be conducted in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section 13(b) will be deemed an Event of Default under this Agreement.

(c) **Other Personnel**. Franchisee will be solely responsible for all employment and personnel decisions involving its Personnel, including but not limited to the hiring, firing, discipline, supervision, direction, scheduling, and compensation of such additional managers and support personnel for the Makery. Franchisee will cause all Personnel, while working in the Makery, to wear uniforms meeting the Standards as Franchisor may periodically designate. If Franchisor changes the type of uniform utilized by Franchisee, Franchisee will have 30 days from the date of its receipt of Franchisor's Notice to discontinue use of its existing inventory of uniforms and implement the approved type of uniform. Franchisee will ensure that each such Personnel receive the Initial Training and any additional training that Franchisor requires. Franchisor will not be involved in, or responsible for, training, employment, compensation or any other personnel matters and decisions made by Franchisee, as further described in Section 13(d).

(d) **Interference with Employees**. Franchisee acknowledges that it is an independent business and responsible for the control and management of the day-to-day operations of the Makery and its Personnel, including but not limited to the hiring and discharging of Franchisee's Personnel and setting and paying wages and benefits of Franchisee's Personnel. Franchisee acknowledges that Franchisor has no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Franchisee. Franchisee further acknowledges that none of its Personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever, and no act by Franchisor to protect the Brand including but not limited to the System or Marks shifts any Personnel or employment-related responsibility from Franchisee to Franchisor.

14. RECORDS, AUDITS, AND INSPECTIONS.

(a) **Accounting and Records**. Franchisee will obtain and be solely responsible for its own accounting services and any required hardware or software related thereto. Franchisee will at all times maintain accurate and complete records as specified in the Manuals, including, without limitation, sales, inventory and expense

information, in order to generate the reports requested by Franchisor.

(b) **Inspections and Audits**. Franchisor and its designated agents or representatives will have the right at any time, provided Franchisor will use reasonable efforts to avoid any disruption of or interference with the operation of the Makery during normal business hours, to:

(1) obtain samples of any Products, ingredients and supplies for testing and analysis (including without limitation analysis of the conditions of sanitation and cleanliness of the storage, production, handling and serving of such Products, ingredients and supplies);

(2) enter the Premises, observe, photograph and videotape the operations of the Makery for such consecutive or intermittent periods as Franchisor deems necessary and otherwise inspect the Makery (including without limitation inspections by third party vendors retained by Franchisor to perform "mystery shops"; Franchisee will reimburse Franchisor for its reasonable costs and fees associated with such mystery shop within ten days of Franchisor's delivery of an invoice to Franchisee);

(3) consult with Personnel and customers of the Makery;

(4) perform KPI Assessments and advise Franchisee of corrective actions that must be taken for any key performance level described in the Manuals that Franchisee fails to satisfy upon any such KPI Assessment; and

(5) inspect, examine, audit, and copy any books and records relating to the operation of the Makery. Franchisee will fully cooperate with Franchisor in connection with any such activities; present to its customers such evaluation forms that Franchisor periodically prescribes; and participate and/or request its customers to participate in any surveys performed by Franchisor or on its behalf. Franchisor will notify Franchisee in writing of any unsatisfactory conditions discovered as it deems appropriate, and, if notified, Franchisee will promptly correct and repair, as applicable, any such conditions. Any audit, examination, or inspection will be at Franchisor's cost and expense unless Franchisor is conducting the audit, examination, or inspection due to Franchisee's failure to submit reports, or unless the reports submitted by Franchisee for the Reporting Period show an understatement of Net Sales by 1.25% or more and/or a corresponding underpayment of Royalty Fees, Brand Contribution and/or Local Marketing Expenditure, in which cases all reasonable and necessary costs and expenses related to such audit, examination or inspection will be paid by Franchisee (including, without limitation, reasonable accounting and attorneys' fees). Franchisee will immediately pay Franchisor upon demand any deficiency in any fees plus Interest as specified in Section 4. These remedies will be in addition to any other remedies Franchisor may have at law or in equity.

(c) **Financial Reports**. Franchisee will deliver to Franchisor any financial data, tax statements or other financial reports that Franchisor may reasonably periodically request, in the form, manner, and frequency requested. Each report will be signed or otherwise verified by Franchisee that such data, statement and reports are true, accurate and complete. Franchisor reserves the right to request from Franchisee an unaudited profit and loss statement and balance sheet with respect to the operation of the Shop for any calendar quarter and Franchisee must provide Franchisor with such unaudited profit and loss statement within 20 days after the date of such request. Franchisor reserves the right to request from Franchisee an annual unaudited profit and loss and source and use of funds statements and a balance sheet following the end of any fiscal year and Franchisee must provide Franchisor with such annual unaudited profit and loss and source and use of funds statements and balance sheet within 60 days of the date of such request.

15. INSURANCE.

(a) **Minimum Requirements**. Franchisee must obtain and maintain in effect for

the Makery the insurance policies set forth in Exhibit I, as may be amended by Franchisor from time to time. The insurance policies and limits described in Exhibit I will not limit, and are independent of, the indemnification obligations under this Agreement.

(b) **Proof of Insurance**. Within 30 days after the execution of the Lease or purchase of the Premises for the Makery and, thereafter, at least 60 days prior to the expiration of any such policy, Franchisee will deliver to Franchisor evidence of such insurance in the form of certificates evidencing such coverage as well as endorsements reflecting the requirements of this Section 15 and all language wherever found in the policies that related to the determination of who is an additional insured, and the scope of the additional insured's coverage. Franchisor has the right, but not the obligation to inspect any actual policies required under this Agreement for compliance with all specified coverage, terms, conditions, endorsements, and limits relative to this Agreement.

(c) **Franchisor Placed Insurance**. If Franchisee fails or refuses to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, Franchisor, at Franchisor's sole option and in addition to Franchisor's other rights and remedies hereunder, may obtain such insurance coverage on Franchisee's behalf. If Franchisor does so, Franchisee must fully cooperate with Franchisor in Franchisor's effort to obtain such insurance policies and must pay Franchisor any costs and premiums that Franchisor incurs. Franchisee's obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance Franchisor may choose to maintain, nor does it relieve Franchisee of any of its obligations under this Section 15.

(d) **Franchisee Acknowledgment as to Minimum Insurance Requirements Notification of Infringements and Claims**. Franchisee acknowledges and agrees that the coverages required by Franchisor are the minimum amounts of coverage that Franchisee must procure under this Agreement. Franchisee is free to buy additional insurance coverage or increase the amounts of coverage as Franchisee deems appropriate based on Franchisee's investigation as to whether additional coverages or higher amounts are necessary. Franchisee further acknowledges and agrees that Franchisee is not relying upon Franchisor to determine the amount or type of insurance coverage necessary for Franchisee. FRANCHISEE RELEASES FRANCHISOR FROM ANY AND ALL CLAIMS RELATING TO THE PROCUREMENT OF INSURANCE INCLUDING CLAIMS THAT FRANCHISOR DID NOT REQUIRE FRANCHISEE TO PROCURE ADEQUATE INSURANCE.

16. PROTECTION OF MARKS AND RELATED INTELLECTUAL PROPERTY.

(a) **Goodwill in Marks and Intellectual Property**. Franchisor or its Affiliates are the exclusive owner of the Marks and all other Intellectual Property provided or to be provided to Franchisee. Franchisee's right to use the Marks and any other Intellectual Property is derived solely from this Agreement and limited to its operation of the Makery pursuant to and in compliance with this Agreement. Franchisee's use of the Marks and any goodwill associated with such use and any other Intellectual Property will be exclusively for Franchisor's benefit, and this Agreement does not confer any goodwill or other interests in the Marks or other Intellectual Property upon Franchisee.

(b) **Limitations on Franchisee's Use of Marks**. Franchisee will use the Marks as the sole identification of the Makery, except that Franchisee must identify itself as the independent owner thereof in the manner Franchisor prescribes. Franchisee may not use any Mark as part of any Entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Franchisee hereunder), or in any modified form, nor may Franchisee use any Mark in connection with the performance of any unauthorized services or sale of any unauthorized products; as part of any domain name, electronic address, metatag, or otherwise on the Internet or in connection with any website (unless expressly authorized in

writing by Franchisor); or in any other manner that Franchisor has not expressly authorized in writing. Franchisee will display the Marks in the manner Franchisor prescribes at the Makery, on supplies or materials Franchisor designates, and in connection with forms and advertising and marketing materials. Franchisee's unauthorized use of the Marks will be an Event of Default and an infringement of Franchisor's rights in and to the Marks.

(c) **Intellectual Property Rights**. Franchisor will be the sole owner of all right, title and interest in and to any Intellectual Property created as a result of or related to the operation of the Makery and any improvements, modifications or derivative works of Franchisee's operation of the Makery or other activities under this Agreement. Franchisor does not grant Franchisee any ownership interest or right with respect to any Intellectual Property created as a result of Franchisee's operation of the Makery. A default under or termination of this Agreement will not impact Franchisor's rights in the Intellectual Property.

Franchisee does hereby, on behalf of itself and on behalf of its Principals, Affiliates and its and their respective Personnel, without reservation, irrevocably sell, assign, transfer and convey, and will be deemed to have irrevocably sold, assigned, transferred, and conveyed to Franchisor, its successors, assigns and legal representatives, all right, title and interest (past, present, future, and throughout the world) in and to any rights to any Intellectual Property related to the operation of the Makery; and any and all claims, of any nature whatsoever, for past, present or future infringement or violation of such Intellectual Property rights.

If Franchisee, its Principals or Affiliates or its and their respective Personnel has any rights to work product that cannot be assigned to Franchisor, Franchisee, its Principals and Affiliates and its and their respective Personnel, as applicable, unconditionally and irrevocably waives the enforcement of such rights, and if such rights cannot be waived, Franchisee, on behalf of itself, its Principals and Affiliates and its and their respective Personnel, hereby grants to Franchisor a fully paid-up, exclusive, irrevocable, perpetual, worldwide license to display, copy, distribute, perform or use in any manner and to make derivative works of the work product. Franchisee will assist Franchisor to register and record (as may be required by Applicable Law or requested by Franchisor), and from time to time enforce, all rights in the Intellectual Property, and other rights and protections relating to the work product created hereunder in any and all countries. Franchisee will execute (and cause its Principals, Affiliates and its and their respective Personnel) any documents and take any other actions reasonably necessary to effectuate the purposes of this Section 16(c). Franchisee will include the requirements of this Section 16(c) in all agreements with its Principals, Affiliates and Personnel.

(d) **Notification of Infringements and Claims**. Franchisee will notify Franchisor immediately of any apparent infringement or challenge to its use of any Mark or other Intellectual Property, or of any claim by any Person of any rights in any Mark or other Intellectual Property, and will not communicate with any Person other than Franchisor and its attorneys, and Franchisee's attorneys, in connection with any such infringement, challenge or claim. Franchisor has the sole right and option to take such action as it deems appropriate and the right to control exclusively any litigation arising out of any such infringement, challenge or claim or otherwise relating to any Mark or other Intellectual Property, including the taking of such legal steps as may be available to Franchisor under Applicable Law to prevent infringement of the rights granted under this Agreement. Franchisee will sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of Franchisor's attorneys, may be necessary or advisable to protect and maintain Franchisor's interests in the Marks or other Intellectual Property.

(e) **Discontinuance of Use of Marks or Intellectual Property**. Franchisor may, at any time, at its sole option, require Franchisee to use any additional or alternative Marks or other Intellectual Property. If Franchisor deems it advisable to modify or

discontinue the use of any Mark or other Intellectual Property and/or use one or more additional, alternative or substitute trade or service marks, Franchisee will comply with Franchisor's directions within a reasonable time after receiving Notice from Franchisor. All costs and expenses relating to the modification or discontinuance of the use of any Mark, other Intellectual Property and/or the use of one or more additional, alternative or substitute trade or service marks will be paid by Franchisee. All provisions of this Agreement applicable to Marks and other Intellectual Property apply to any additional, alternative or substitute trade and service marks or other commercial symbols that Franchisor authorizes Franchisee to use pursuant to this Agreement.

17. ANTI-CORRUPTION, ANTI-BOYCOTT, AND ANTI-TERRORISM LAWS; CODE OF CONDUCT.

Franchisee and each Principal represents and warrants to Franchisor that: (a) neither Franchisee nor, to the best of its knowledge after reasonable inquiry, any of Franchisee's Principals or any executive officer of Franchisee is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control; (b) neither Franchisee nor any Principal is directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (c) neither Franchisee nor any Principal acts or will act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (d) neither Franchisee nor any of Franchisee's Principals or executive officers have violated, and Franchisee will not violate and will cause Franchisee's Principals and executive officers not to violate, any Applicable Law prohibiting money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act, U.S. Executive Order 13224, or any similar Applicable Law. The foregoing constitute continuing representations and warranties, and Franchisee will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties of this Section 17 incorrect, false, inaccurate, or misleading, or which constitutes a breach of any of the covenants of this Section 17.

In addition, Franchisee and each Principal will comply with Franchisor's "Code of Conduct" set forth in the Manuals at all times in connection with the development of the Makery.

18. TRANSFERABILITY OF INTEREST.

(a) **Transfer by Franchisor**. This Agreement is and any of Franchisor's rights, obligations and interests herein are fully assignable by Franchisor, in whole or in part, without the consent of Franchisee, and inures to the benefit of any assignee or other legal successor to the interests of Franchisor; if any such assignee expressly agrees to assume Franchisor's obligations under this Agreement, then upon such assumption Franchisor and its Affiliates will be fully released of any and all liabilities hereunder. Franchisor may also assign any or all of its rights, obligations and interests under this Agreement to an Affiliate; sell or encumber its assets, its Marks or its System to any third party; merge, acquire other Entities or be acquired by another Entity; engage in a public offering of its securities; engage in a private placement of some or all of its securities; or undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; provided that the new owner of Franchisor or the surviving Entity (in the event of a merger or acquisition) will assume all of Franchisor's obligations hereunder. Franchisor may take or perform any such actions without liability or obligation to Franchisee and Franchisee expressly waives any claims, demands or damages arising from or related to any or all of the above actions or variations thereof.

(b) **Transfer by Franchisee**. The rights and duties created by this Agreement are

personal to Franchisee, and Franchisor has granted rights under this Agreement in reliance upon the business skill, financial capacity and personal character of Franchisee and its Principals. Accordingly, no Transfer is permitted or authorized without Franchisor's prior written approval, subject to the conditions below. Notwithstanding the foregoing, Franchisee's Principals may transfer an interest in Franchisee to another Principal or to one of Franchisee's Affiliates, provided that (i) no such transfer may result in a change in Control of Franchisee or a change in the Principal that holds a Controlling Interest in Franchisee, and (ii) Franchisee provides prior written notice to Franchisor.

(c) **Conditions for Approval of Transfer**. If the proposed Transfer by Franchisee is of this Agreement, Control of Franchisee or substantially all of Franchisee's assets, or is one of a series of Transfers (regardless of the time period over which such Transfers occur) which in the aggregate constitute the Transfer of this Agreement or Control of Franchisee, and if Franchisor has not exercised its right of first refusal under Section 18(f), Franchisor will approve a Transfer only if the conditions set forth in this Section 18(c), as may be amended by Franchisor from time to time, are met prior to or concurrently with the proposed effective date of the Transfer:

(1) Franchisee (and its Principals, if Franchisee is not publicly traded) has paid all Royalty Fees and all other amounts owed to Franchisor and its Affiliates, submitted all required Reports and other statements and data and otherwise are in full compliance with this Agreement as of the date of Franchisee's request for approval of the Transfer and as of effective date of the Transfer.

(2) The proposed transferee (and its direct and indirect owners): (A) have sufficient business experience, aptitude, assets and financial resources to operate the Makery; (B) are individuals of good character and otherwise meet Franchisor's then-applicable Standards for Makery franchisees; (C) are not engaged and will not engage in the operation or ownership of a Competitive Business, and the proposed transferee will engage only in the operation of the Makery; and (D) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer.

(3) The transferee and its owners as specified by Franchisor will complete the Initial Training program and provide Franchisor with a business plan for the Makery acceptable to Franchisor.

(4) The transferee and each of its owners specified by Franchisor will agree to be bound by all of the terms and conditions of Franchisor's then-current form of franchise agreement and sign the ancillary agreements and documents Franchisor requires for Makery franchisees and any principal.

(5) Franchisee and the transferee and its owners have agreed to the terms of a purchase and sale agreement for the Operating Assets and assumption of any lease of the Premises and any applicable equipment.

(6) Franchisee or the transferee pays to Franchisor a Transfer Fee in connection with the Transfer, including the costs and expense of Initial Training as required above.

(7) Franchisee (and its transferring Principals if Franchisee is not publicly traded) have executed a general release, in form satisfactory to Franchisor, releasing Franchisor Indemnitees from any and all claims arising out of the operation of the Makery, excluding claims related to the operation of the Makery by Franchisee or any Principal which have not been expressly assumed by the transferee and its owners and those claims which cannot be released under Applicable Law.

(8) Franchisee and each Principal must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed

on new franchisees signing the then-current franchise agreement.

(d) **Effect of Franchisor's Consent**. Any Transfer without Franchisor's consent constitutes an Event of Default rendering such Transfer void and of no effect. Franchisor's consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the prospects of success of the Makery or transferee, or a waiver or release of any claims Franchisor may have at any time against Franchisee (or its Principals) or of its right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement. If Franchisor consents to a Transfer then Franchisee and transferee will enter into a transfer agreement in the form prescribed by Franchisor and, at Franchisor's option, such transferee will enter into Franchisor's then-current form of franchise agreement.

(e) **Transfer Upon Death or Permanent Disability**. If any Principal that holds a Controlling Interest in Franchisee dies or becomes Permanently Disabled and Franchisor determines that such death or disability adversely affects the operation of the Makery under this Agreement, such Principal's executor, administrator, or other personal representative must Transfer such Principal's interest in this Agreement or his or her interest in Franchisee (including Transfer by bequest or inheritance) to a third party approved by Franchisor in accordance with Section 18(c) within a reasonable period of time, not to exceed six months from the date of death or Permanent Disability. A failure to Transfer the interest of any such Principal in this Agreement or Controlling Interest in Franchisee within this period of time in accordance with the foregoing constitutes an Event of Default.

(f) **Franchisor's Right of First Refusal**. If Franchisee or any of Franchisee's Principals desire to make a Transfer, Franchisee or such Principal must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least 5% of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to Franchisor a true, accurate and complete copy of such offer. If the offeror proposes to buy any other property or rights from Franchisee or any Principals or Franchisee's Affiliates (other than rights under area development agreements or other franchise agreements for Makeries) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to Franchisor, and the price and terms of purchase offered to Franchisee or the Principals for the Transfer must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

Franchisor has the option, exercisable by Notice delivered to Franchisee or the Principals, as applicable, within 30 days from the date of delivery of a complete and accurate copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) Franchisor may substitute cash for any form of payment proposed in such offer; (b) Franchisor's credit will be deemed equal to the credit of any proposed purchaser; and (c) Franchisor will have not less than 120 days from the option exercise date to consummate the transaction. Franchisor has the right to investigate and analyze the business, assets and liabilities and all other matters Franchisor deems necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of Franchisor's right of first refusal. Franchisor may conduct such investigation and analysis in any manner Franchisor deems reasonably appropriate and Franchisee and its Principals must cooperate fully with Franchisor in connection therewith.

If Franchisor exercises its option to purchase, Franchisor is entitled to purchase such interest subject to all representations and warranties, releases, non-competition covenants, closing documents and indemnities as Franchisor reasonably may require. If Franchisor does not exercise its option to purchase, Franchisee or its Principals may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the Transfer; provided that if the sale to such offeror is not completed within 120 days after delivery of such

offer to Franchisor, or if there is a material change in the terms of the offer, Franchisee must promptly notify Franchisor and Franchisor will have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30-calendar day period following Franchisee's notification of the expiration of the 120-calendar day period or the material change to the terms of the offer.

(g) **Securities**. Franchisee will be permitted to engage in the public issuance of stock, notes, bonds and other securities during the Term, provided that such issuance of securities are in compliance with all Applicable Law in effect at the time of such issuance; prior to offering for sale such stock, notes, bonds or other securities, Franchisee secures Franchisor's written approval, which consent will not be unreasonably withheld; and Franchisee pays the Offering Fee to Franchisor. Franchisee further must secure Franchisor's consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to confirm the description of the relationship between Franchisor and Franchisee is true, accurate and complete in Franchisee's offering. Only after Franchisor has provided its written approval may Franchisee proceed to file, publish, issue and release and make public any said data, material and information regarding the securities offering. Franchisee will not imply that Franchisor is participating in the underwriting, issuance or offering of such securities. Franchisee acknowledges and agrees that any review by Franchisor is solely for its own information and its approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either expressly or implied. Franchisee may make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or its Affiliates have any interest in the relationship whatsoever to the proposed securities offering other than acting as Franchisor. Franchisee will indemnify, defend and hold the Franchisor Indemnitees harmless from all Losses and Expenses arising from Franchisee's offering of information published or communicated in actions taken in that regard.

19. RESTRICTIVE COVENANTS.

Franchisee recognizes that Franchisor has developed and owns the goodwill in the Brand and must protect the Marks, Confidential Information, and System. Franchisee and its Principals each acknowledges and agrees that the access to and use of Confidential Information authorized by this Agreement are among the consideration for the restrictive covenants set forth in Section 19(a), and Franchisee and its Principals each further acknowledges and agrees that the restrictive covenants set forth in Section 19(a) are necessary to prevent Franchisor from suffering irreparable harm. THE FOREGOING ACKNOWLEDGMENTS AND AGREEMENTS ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ALLOW FRANCHISEE AND ITS PRINCIPALS TO HAVE ACCESS TO AND USE CONFIDENTIAL INFORMATION.

(a) **Non-Compete**. Franchisee and its Principals covenant and agree that during the Term, and for a continuous uninterrupted period of two years following its expiration, termination, or an approved Transfer and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, Franchisee and each of its Principals, as applicable, will not, without Franchisor's prior written consent, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any Person or Entity:

(1) Divert or attempt to divert any actual or prospective business or customer of the Makery to any Competitive Business, by direct or indirect inducement or otherwise.

(2) Do or perform, directly or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System.

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business.

During the Term, these restriction applies to any Competitive Business located within the United States. Following the expiration of the Term, termination of this Agreement, or an approved Transfer of this Agreement and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, this restriction will apply to any Competitive Business located: (A) within the Designated Area; (B) at or within five miles of the Makery; or (C) within five miles of any Buff City Soap makery then operating or under construction in the United States or outside the United States, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved Transfer of this Agreement or the date any Principal ceases to be a Principal under this Agreement, Franchisee or any of its Principals fails to comply with its obligations under this Section 19(a), that period of non-compliance will not be credited toward satisfaction of the two-year period.

(b) **Non-Disclosure of Confidential Information**. Franchisee and its Principals each acknowledges that Franchisor may provide Franchisee and its Principals with Confidential Information that derives value from not being generally known in the industry and that are reasonably necessary for the operation of the Makery and, further, that Franchisee has entered into this Agreement in order to use such Confidential Information to the economic benefit of Franchisee. Franchisee agrees that Confidential Information remains the sole property of Franchisor. Franchisor will take reasonable steps to mark as "confidential" or "proprietary" any Confidential Information that it deems as such, but the failure to mark such Confidential Information will not cause it to be public information or otherwise not protected as Confidential Information. Franchisee and each of its Principals will not use, duplicate or disclose to others any Confidential Information except as expressly authorized by Franchisor in writing and will implement measures to maintain the confidentiality of such Confidential Information that is no less strict than the measures Franchisee uses with its own confidential information. To the extent that any Confidential Information is to be provided to Franchisee's advisors, representatives, agents or any Personnel, each of them must use such Confidential Information solely in connection with their respective roles with the Makery and execute a Confidentiality and Non-Disclosure Agreement in the form of Exhibit C of this Agreement.

(c) **Ownership**. All Confidential Information furnished or disclosed by Franchisor to Franchisee or any of its Principals or otherwise obtained by Franchisee or its Principals is and will remain the sole property of Franchisor. Any reproductions, notes, summaries or similar documents relating to the Confidential Information, and any files, memoranda, reports, price lists, proprietary information, and other documents relating to the System, will become and remain the Intellectual Property of Franchisor immediately upon their creation and Franchisor will own all rights, title and interest in such Intellectual Property in accordance with Section 16(c) (Intellectual Property Rights). Upon expiration or termination of this Agreement, Franchisee will immediately return all copies of such Confidential Information and Intellectual Property to Franchisor. Franchisee must promptly reveal to Franchisor any discoveries, inventions, innovations or improvements made by Franchisee, its Principals, Personnel or independent contractors relating to the System, or any Confidential Information. Further, all proprietary interests in any devices, information, know-how, materials, methods, processes and techniques utilizing those discoveries, inventions, innovations and improvements are Franchisor's Intellectual Property.

(d) **Severability and Enforceability of Covenants**. Each of the covenants contained in this Section 19 will be considered separate and independent from each other. If any covenant in this Agreement which restricts competitive activity is deemed

unenforceable for any reason, but would be enforceable by reducing or substituting any part of it in accordance with Section 28(a), such covenant will be enforced to the fullest extent permissible under Applicable Law.

20. DEFAULT AND TERMINATION.

(a) **Events of Default**. The occurrence of any of the following will adversely and substantially affect the interests of Franchisor and will be deemed an Event of Default constituting just cause for exercising any of the remedies set forth herein.

(1) Franchisor may terminate this Agreement upon delivery to Franchisee of Notice as a result of the occurrence of any of the following Events of Default and Franchisee's failure to cure such Event of Default within the cure period described below, if any, and absent a cure period, immediately upon Franchisor's Notice to Franchisee:

(A) Franchisee (or any of its Principals or Affiliates) has made any material misrepresentation or omission in connection with this Agreement that negatively impacts Franchisor;

(B) Franchisee fails to acquire the Premises in accordance with Sections 5(a)-5(c);

(C) Franchisee fails to develop and finish out the Makery in accordance with Section 5(e) and the Standards and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(D) Franchisee fails to begin operating the Makery as of the Opening Date and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(E) Franchisee fails to maintain at all times during the operation of the Makery an Operator, General Manager and such other Personnel as required in the Standards that have competed Initial Training, as required in this Agreement and the Manuals, and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Franchisee;

(F) Franchisee abandons or fails to actively operate the Makery for two or more consecutive calendar days or on any federally recognized United States holiday (except those holidays on which all Buff City Soap makeries will be closed to the public, as set forth in the Manuals), unless the Makery has been closed for a purpose Franchisor has approved in writing or because of an Event of Force Majeure;

(G) Franchisee surrenders or transfers Control of the operation of the Makery without Franchisor's prior written consent;

(H) Franchisee (or any of its Principals or Affiliates) is or has been held liable or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the Makery, any other Buff City Soap makery or the goodwill associated with Marks;

(I) Franchisee's misuse or unauthorized use of the Marks, including without limitation Franchisee's misuse or unauthorized use of the Marks on its Social Media pages or other Internet site, or registration of a domain name incorporating the Marks;

(J) Franchisee (or any of its Principals or Affiliates) makes an unauthorized Transfer pursuant to Section 18;

(K) Franchisee (or any of its Principals or Affiliates) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Manuals in violation of this Agreement;

(L) Franchisee, Operator or any of Franchisee's Principals fails to comply with or perform its covenants, representations and warranties in this Agreement, including without limitation the representations, warranties and covenants set forth in Section 12, the representations and warranties with respect to anti-corruption, anti-boycott and anti-terrorism laws set forth in Section 17 and the restrictive covenants against competition set forth in Section 19;

(M) Franchisee fails to pay any fees or other amounts due hereunder to Franchisor within five days after Notice of nonpayment is delivered to Franchisee;

(N) Franchisee understates Net Sales or fails to accurately report Net Sales, and does not correct such failure within three days after Notice of such failure is delivered to Franchisee;

(O) Franchisee refuses to permit Franchisor or its agent entry to inspect the Makery and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(P) Franchisee violates or receives notice of violation of any order, regulation, Standard or Applicable Law relating to health, sanitation or the environment and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(Q) Franchisee fails to maintain insurance in accordance with Section 15 and does not cure such default within 24 hours after Notice of default is delivered to Franchisee;

(R) Franchisor has delivered a Notice of termination of another franchise agreement with Franchisee or its Affiliate, an area development agreement with Franchisee or any of its Affiliates (as developer) under an area development agreement or any other agreement between Franchisee or its Affiliate and Franchisor, its Affiliate or any Designated Supplier;

(S) Franchisee suffers cancellation or termination of the Lease or fails to materially perform or observe any provision of any Lease and to cure such failure within the applicable cure period under such Lease, if any; and

(T) Franchisee fails to pay when due any income, withholding, service, sales or any other applicable taxes due on the Makery's operations, unless it is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes.

(U) Franchisee fails to achieve a passing score for a KPI Assessment as described in the Manuals for two or more consecutive KPI Assessments within any 12 month period.

(2) Except as otherwise provided in Section 20, Franchisor may terminate this Agreement for failure by Franchisee (or any of its Principals) to comply with any other provision of this Agreement, including, without limitation, the representations and warranties contained in this Agreement, the Manuals or any Standards material to operation of the Makery and failure to cure within 30 days after Notice of such Event of Default is delivered to Franchisee.

(3) **Termination for Repeated Default.** This Agreement will terminate immediately upon delivery of Notice to Franchisee if Franchisee (or any of its Principals) fails on three or more separate occasions within any period of 12 consecutive months to do any one or more or combination of the following: (A) submit when due reports or other data, information or supporting record; (B) pay when due any amounts due to Franchisor or its Affiliates; or (C) otherwise materially comply with this Agreement, whether or not such failures are corrected after Notice of such failure is delivered to Franchisee.

(4) **Termination for Insolvency.** This Agreement will automatically terminate upon any of the following: if any bankruptcy proceeding is commenced by or

against Franchisee (or any Affiliate or Principal), the Franchisee makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Franchisee consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; the Makery or Operating Assets is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days after Notice from Franchisor; or any order appointing a receiver, trustee or liquidator of Franchisee or the Makery is not vacated within 30 days following the entry of such order.

(5) **Termination for Violation of Applicable Law.** This Agreement will terminate immediately upon delivery of Notice to Franchisee if Franchisee (or any of its Principals or Affiliates) violates any Applicable Law or has any necessary license or certification revoked or suspended in whole or in part.

(b) **Termination for Breach by Franchisor.** If Franchisor substantially fails to perform any of its material obligations under this Agreement, Franchisee must provide Notice to Franchisor of such non-performance and at least 60 days to cure the failure. If the failure continues at the end of such 60-day cure period, Franchisee may terminate this Agreement upon Notice to Franchisor prior to Franchisor's cure of the failure. Franchisee may not withhold or offset any amounts due to Franchisor under this Agreement in connection with Franchisor's non-performance hereunder.

21. EFFECT OF TERMINATION, EXPIRATION, OR NONRENEWAL.

Upon expiration or termination of this Agreement:

(a) **Payment of Amounts Owed**. Franchisee will pay to Franchisor within 15 days after the effective date of expiration or termination of this Agreement, or on such later date that the amounts due are determined, such fees, amounts owed for purchases from Franchisor or its Affiliates, Interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates which are then unpaid. If Franchisor terminates this Agreement for any reason other than Franchisor's default and failure to cure, or if Franchisee delivers Notice of termination of this Agreement to Franchisor (notwithstanding the absence of any right of termination hereunder) within 30 days following the effective date of such termination, Franchisee will pay Franchisor liquidated damages in a lump sum equal to the greater of: (1) the product of 36 multiplied by the average monthly Royalty Fees accrued during the 12-month period before the month of termination (or, if the Makery has been open less than 12 months, during the period during which the Makery has been open), and (2) $300,000. Franchisee acknowledges and agrees that the liquidated damages provided for in this Section 21(a) are a fair and reasonable approximation of the amount of damages sustained by Franchisor and are not a penalty. Payment to Franchisor of such liquidated damages will not constitute an election of remedies by Franchisor or excuse performance of Franchisee's post-termination obligations hereunder. Any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

(b) **Marks**. Franchisee may not directly or indirectly at any time or in any manner use any Mark, including any use of Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to, print or electronic media; use any colorable imitation of a Mark in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark or other commercial symbol or other indicia that indicates or suggests a connection or association with Franchisor, the Makery or the Brand; identify any business as a former Makery; or identify itself as one of Franchisor's licensees or franchisees (except with respect to other Buff City Soap makeries Franchisee owns and operates under continuing agreements with Franchisor). Franchisee will take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

(c) **System and Manuals**. Franchisee will immediately cease to use the System and Confidential Information in any business or otherwise; and return to Franchisor all Confidential Information, including without limitation, copies of the Manuals and any other proprietary or confidential materials that Franchisor has loaned to Franchisee.

(d) **Disassociation in Communication Methods**. Franchisee will assign to Franchisor (or its designee) or cancel any electronic mail address, domain name, search engine, website, or Social Media account that associates Franchisee with Franchisor, the Makery, System, or Marks. Franchisee will notify the telephone company and all telephone directory publishers of the expiration or termination of Franchisee's right to use any telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to Franchisor, or, at Franchisor's direction, instruct the telephone company to forward all calls made to Franchisee's telephone numbers to numbers Franchisor specifies.

(e) **Other De-Identification Obligations**. Franchisee will promptly and at its own cost and expense make such alterations as Franchisor specifies in the Manuals or otherwise to distinguish the Makery clearly from its former appearance and from other Makeries so as to prevent confusion therewith to the public. Within 30 days from the effective date of expiration or termination of this Agreement, Franchisee will deliver to Franchisor all Buff City Soap Property and all other signs, sign-faces, sign-cabinets, advertising and promotion materials, forms and other materials containing any Mark or otherwise identifying or relating to a Makery and allow Franchisor, without liability to Franchisee or third parties, to remove all such items from the Makery. Franchisee will furnish to Franchisor, within 30 days from the effective date of expiration or termination of this Agreement, with evidence satisfactory to Franchisor of its compliance with the foregoing obligations.

(f) **Restrictive Covenants and Continuing Obligations**. Franchisee will comply with the restrictive covenants set forth in this Agreement. Franchisee's (and its Affiliates' and Principals') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until such obligations are satisfied in full or by their nature expire.

22. FRANCHISOR'S OPTION TO PURCHASE MAKERY.

(a) Upon expiration or termination of this Agreement, Franchisor has the option, exercisable by giving written Notice to Franchisee within 60 days from the effective date of expiration or termination, to purchase the Makery as a going concern or the Operating Assets, as applicable, according to the Purchase Terms and Conditions set forth in Exhibit H, as may be amended by Franchisor from time to time, including the fee simple or leasehold interest in the Premises (subject to landlord's consent). Franchisor has the unrestricted right to assign this option.

(b) If Franchisor does not exercise its option to purchase under this Section 22, Franchisor will provide written notice to Franchisee to immediately and permanently cease to use, in any manner whatsoever, (1) the Standards and any other confidential methods, procedures and techniques associated with the System; (2) all of the Marks, trade names; and (3) all business forms, advertising and promotional materials, slogans, signs, symbols and devices associated with the System and otherwise comply with Franchisee's post-term covenants and obligations set forth in Section 21.

In such case, Franchisee may sell, lease, sublease or assign the Lease for the Makery Premises to a third-party purchaser, provided that Franchisee's agreement with such purchaser includes a covenant by the purchaser that is expressly enforceable by Franchisor as a third-party beneficiary whereby the purchaser agrees, for a period of two years after the expiration or

termination of this Agreement, not to use the Premises for the operation of a Competitive Business.

23. INDEMNIFICATION.

FRANCHISEE, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND PRINCIPALS, WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE FRANCHISOR INDEMNITEES AGAINST AND REIMBURSE ANY ONE OR MORE OF THE FRANCHISOR INDEMNITEES FOR ANY AND ALL LOSSES AND EXPENSES ARISING OUT OR FROM OR RELATED TO, ANY CLAIMS, DIRECTLY OR INDIRECTLY, ARISING OUT OR FROM OR RELATED TO: (A) THE DEVELOPMENT, OPERATION OR CLOSING OF THE MAKERY; (B) ANY BREACH BY FRANCHISEE OR ANY PRINCIPAL OF THIS AGREEMENT, OR FRANCHISEE'S OR ANY OF ITS AFFILIATES', PRINCIPALS', OPERATOR'S OR MAKERY MANAGERS' BREACH OF ANY OTHER AGREEMENT WITH FRANCHISOR OR ITS AFFILIATES; (C) THE MARKETING, PROMOTION OR ADVERTISEMENT OF THE MAKERIES OR PRODUCTS OR THE SALE OF ANY PRODUCTS OFFERED BY THE MAKERIES, INCLUDING UNFAIR OR FRAUDULENT ADVERTISING CLAIMS (WHETHER IN PRINT ADVERTISING OR ELECTRONIC MEDIA), AND PRODUCT LIABILITY CLAIMS; (D) FRANCHISEE'S INFRINGEMENT, ALLEGED INFRINGEMENT OR ANY OTHER VIOLATION OR ALLEGED VIOLATION OF ANY TRADEMARK, COPYRIGHT, PATENT OR OTHER PROPRIETARY RIGHT OWNED OR CONTROLLED BY THIRD PARTIES; (V) LIBEL, SLANDER OR ANY OTHER FORM OF PERSONAL INJURY BY FRANCHISEE OR ARISING OUT OF ITS BUSINESS ACTIVITIES HEREUNDER; OR (VI) ANY ACTS, ERRORS OR OMISSIONS OF FRANCHISEE OR ANY OF ITS PRINCIPALS, AGENTS, EMPLOYEES, CONTRACTORS, AFFILIATES OR REPRESENTATIVES. FRANCHISOR HAS THE RIGHT, AT ITS OPTION, TO DEFEND ANY SUCH CLAIM AGAINST IT AT FRANCHISEE'S SOLE COST AND EXPENSE. IF FRANCHISEE DEFENDS ANY CLAIM, IT MAY NOT ENTER INTO ANY SETTLEMENT AGREEMENT OR OTHERWISE RESOLVE OR CONCLUDE THE MATTER WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO, AND NOTWITHSTANDING, THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL FRANCHISOR OR ANY OTHER FRANCHISOR INDEMNITEES BE REQUIRED TO SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE TO MITIGATE ITS OR FRANCHISEE'S LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY A CLAIM AGAINST FRANCHISEE. ANY FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE A LOSS WILL IN NO WAY REDUCE OR ALTER THE AMOUNTS RECOVERABLE BY FRANCHISOR OR ANOTHER FRANCHISOR INDEMNITEE FROM FRANCHISEE.

24. INDEPENDENT CONTRACTORS.

(a) **Independent Contractors**. It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them; that Franchisor and Franchisee are and will be independent contractors and that nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Franchisee will conspicuously identify itself in all dealings as the owner of the Makery and the rights granted under the Agreement with Franchisor and will place such notices of independent ownership on such forms, business cards, employment-related documents (e.g. employment applications and agreements, paychecks and benefits notice), stationery and advertising and other materials as Franchisor may periodically require. Franchisee must post a prominent sign in the Makery identifying Franchisee as a Buff City Soap franchisee in a format prescribed by Franchisor, including without limitation an acknowledgment

that Franchisee independently owns and operate the Makery, the Marks are owned by Franchisor and that Franchisee's use of such Marks is pursuant to a license issued by Franchisor.

This Agreement grants Franchisor the right, and Franchisee acknowledges and agrees that Franchisor maintains such right, to operate and change the System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement or Applicable Law. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement or prohibited by Applicable Law, Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including its judgment of what is in the best interests of the Buff City Soap franchise network, at the time Franchisor's decision is made, without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by Franchisor; (2) whether Franchisor's decision or the action it takes promotes its financial or other individual interest; (3) whether Franchisor's decision or the action it takes applies differently to Franchisee and one or more other franchisees; or (4) whether Franchisor's decision or the exercise of its rights is adverse to Franchisee's individual interest or the individual interests of any other particular franchisees. Franchisor will have no liability to Franchisee for any such decision or exercise of its rights.

(b) **No Liability for Acts of Other Party**. Franchisee must not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner (other than the use contemplated hereby) that may result in Franchisor's liability for any of Franchisee's indebtedness or obligations. Except as expressly authorized in writing, neither Franchisor nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other Party or be obligated by or have any liability under any agreements or representations made by the other Party. Franchisor will not be obligated for any damages to any Person directly or indirectly arising out of the operation of the Makery.

25. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.

(a) **Force Majeure**. Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform obligations results from a Force Majeure Event. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed. Franchisee or Franchisor will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement to permit Franchisor to exercise its rights under this Agreement. If the Parties are not able to agree on such amendments within 30 days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written Notice to Franchisee or exercise any of the remedies described in Section 20 or otherwise available at law or in equity. In no event will Franchisee's inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse Franchisee from the prompt payment of Royalty Fees, Brand Fund Contributions or any other fee or payment due to Franchisor pursuant to this Agreement.

(b) **Crisis Management Events**. Franchisee must notify Franchisor within 24

hours of the occurrence of any Crisis Management Event by the method periodically specified in the Manuals or otherwise in writing, comply with Franchisor's instructions and fully cooperate with Franchisor's instructions in response to the Crisis Management Event. Failure to notify Franchisor within the required time period is a material breach of this Agreement.

26. GOVERNING LAW; DISPUTE RESOLUTION.

(a) **Non-Binding Mediation**. Before any Party may bring an action or commence a proceeding against the other Party, the Parties must first meet to mediate the dispute (except for controversies, disputes or claims related to or based on improper or unauthorized use of the Marks or breach of the covenants and obligations set forth in Section 19(a) or Section 19(b)) in Dallas, Texas or such other location agreed upon by the Parties. Any such mediation will be non-binding and will be conducted by the International Institute for Conflict Prevention & Resolution in accordance with its then-current rules for mediation of commercial disputes.

Notwithstanding anything to the contrary, this Section 26 will not bar either Party from obtaining injunctive relief pursuant to Section 26(d)(5) against threatened conduct that will cause it to incur Losses and Expenses, under the usual equity rules, including the applicable rules for obtaining restraining orders and injunctions, without having to engage in mediation. In addition, this Section 26(a) will not apply to any claim or dispute relating to Franchisee's failure to make payments for Royalty Fees, Brand Fund Contribution or other amounts owed to Franchisor under this Agreement. Franchisor and Franchisee will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

(b) **Governing Law**. This Agreement will be governed by and interpreted according to the laws (exclusive of the conflicts of laws rules) of the State of Texas applicable to contracts entered into in Texas, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the Parties' relationship established by this Agreement, and the Parties. By agreeing to the application of Texas law, the Parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the Parties' relationship otherwise would not be subject. To the extent that this Agreement or the Parties' relationship otherwise would not, but for this Texas choice-of-law provision, be subject to such statutes, this Section 26 does not constitute a waiver of any statutory rights or remedies. Franchisee, its Principals and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section 26(b) provides each of the Parties with the mutual benefit of uniform interpretation of this Agreement and the Parties' relationship created by this Agreement. Franchisee, its Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

(c) **Arbitration**.

(1) Claims Subject to Arbitration. Subject to Paragraph 26(c)(2), the Parties agree that all controversies, claims, or disputes between Franchisor and Franchisee arising out of or relating to the following (each, an "Arbitrable Claim") will be finally resolved by binding arbitration in accordance with Section 26(c)(4):

(A) this Agreement or any other agreement between Franchisor and Franchisee or any of its Affiliates or Principals;

(B) the relationship between Franchisee and Franchisor;

(C) the scope and validity of this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee or any of its Affiliates or Principals, specifically including all disputes regarding the scope, validity or existence of this arbitration agreement, except that Franchisor and Franchisee intend for the court to address the applicability and scope of the exceptions found in Section 26(c)(2)(a); and/or

(D) the offer or sale of the franchise opportunity.

(2) Exception of Claims Subject to Arbitration. Franchisor and Franchisee recognize and agree that certain claims of Franchisor may not be best suited to determination through arbitration and agree that Franchisor, at its sole option, may bring the following types of claims, cases, disputes and causes of action either in court or in arbitration:

(A) Claims seeking injunctive or other equitable relief to enforce provisions of this Agreement, including without limitation claims for infringement of Franchisor's intellectual property, violation of the confidentiality provisions of Section 19(b), or breach of the non-competition provisions of Section 19(a), provided however that non-equitable claims joined with any injunctive claims must be heard separately in arbitration, and that regardless of the forum, any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived; further, Franchisee acknowledges that the termination of any litigation for injunctive or other equitable relief will not bar Franchisor from asserting non-equitable claims in an arbitration involving the same parties or causes of action;

(B) Claims seeking relief of any kind with respect to Franchisee's violation of any health or safety law; and/or

(C) Claims, including claims by an affiliate of Franchisor, seeking recovery or any other remedy based on Franchisee's failure to pay any moneys due under this Agreement, any agreement with an affiliate of Franchisor, or any unpaid invoices owed to an affiliate of Franchisor when due.

For resolution of any claim that is not subject to mandatory arbitration under Section 26(c)(1), such claim will be resolved in the Chosen Forum in accordance with Section 26(d)

(3) No Class Action. No party except Franchisor (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and Franchisee (including where applicable the immediate family members, owners, heirs, executor, successors, assigns, shareholders, partners, and guarantors (as applicable) may join in or become a party to any arbitration proceeding arising under or related to this Agreement or any other agreement between Franchisor and Franchisee, the relationship between Franchisor and Franchisee, the scope and validity of this Agreement or any other agreement between Franchisor and Franchisee, specifically including whether any specific claim is subject to arbitration at all (i.e. arbitrability questions) and/or the offer or sale of the franchise opportunity; and further, the arbitrator will not be authorized to permit any person or entity that is not a Party to this Agreement or identified in this paragraph to be involved in or to participate in any arbitration conducted pursuant to this Agreement. No matter how styled by the party bringing the claim, any claim or dispute is to be arbitrated on an individual basis and not as a class action or representative action, and further, no claim may be consolidated or joined. **FRANCHISEE EXPRESSLY WAIVES ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY**. Any question regarding the interpretation or enforceability of this prohibition on class-wide or representative arbitration will be resolved by a court of competent jurisdiction, and not the arbitrator

(4) Binding Arbitration in Dallas, Texas. Subject to the provision for temporary injunctive relief pending arbitration contained in Section 26(c)(5), all Arbitrable

Claims will be finally resolved by binding arbitration in accordance with the CPR Rules for Non-Administered Arbitration (the "CPR Rules") then currently in effect. All Arbitrable Claims will be decided by one arbitrator chosen from the Panels of Distinguished Neutrals maintained by the International Institute for Conflict Prevention & Resolution ("CPR") in accordance with Rules 5.3 and 6 of the CPR Rules. Unless otherwise agreed in writing, any arbitrator chosen to decide an Arbitrable Claim will be a current or former practicing attorney or judge; have at least ten years of experience in litigation, arbitration, and/or mediation of commercial disputes; and have prior experience as an arbitrator of at least three manufacturer/dealer or franchisor/franchisee disputes. Each Party will be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules. The place of arbitration will be Dallas, Texas unless otherwise agreed in writing. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the "FAA"). It is expressly understood and agreed that arbitration proceedings under this Agreement are subject to the confidentiality provisions of Section 19(b) of this Agreement.

(5) Temporary Injunction Relief Pending Arbitration. The Parties to this Agreement understand, acknowledge, and agree that the CPR Rules specifically contemplate the availability of interim measures to preserve the status quo and/or prevent irreparable injury pending arbitration. The Parties expressly understand and agree that the advance notice requirements provided for in this Agreement, with respect to termination or amendment provide sufficient opportunity for a Party challenging any termination or amendment of this Agreement to seek interim measures (including the arbitral equivalent of a temporary restraining order, preliminary injunction, or other equitable relief) in arbitration pursuant to the binding arbitration provisions of Section 26(c)(4). By seeking or obtaining a temporary restraining order, preliminary injunction, or other equitable relief pending arbitration pursuant to the provisions of this Section 26(c)(5), a Party is not relieved of its obligation to have the merits of an Arbitrable Claim decided in accordance with the binding arbitration provisions of Section 26(c)(4).

(6) Enforcement of Arbitration Awards. Judgment upon the award rendered by the arbitrator(s) in any arbitration between the Parties may be entered by any court of competent jurisdiction.

(7) Contingency. If for any reason the binding arbitration provisions of this Agreement are not enforceable, the exclusive forum for resolution of any otherwise Arbitrable Claims will be the United States District Court for the Northern District of Texas, Dallas Division except that, if the federal court lacks subject matter jurisdiction, the forum will be the District Court of Dallas County, Texas. The provisions of this Section 26(c)(7) will not apply to any claim for temporary injunctive relief pending arbitration filed pursuant to Section 26(c)(5) above.

(d) **Consent to Jurisdiction and Venue**. To the extent that this Agreement permits or requires litigation, the Parties hereby irrevocably submit to the exclusive jurisdiction provision of Section 26(c)(7) (the "Chosen Forum"). By execution and delivery of this Agreement, each Party hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. By execution and delivery of this Agreement, each Party hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. Franchisor and Franchisee agree that a final judgment (as to which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(e) **Limitations of Claims**. Any and all claims arising out of or relating to this Agreement or the relationship among the Parties will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the Party asserting such claim knew or should have known of the facts giving rise to such claims.

(f) **Limitation on Damages**. Except with respect to: (1) Franchisee's obligation to indemnify Franchisor and its Affiliates pursuant to Section 23; (2) claims for Franchisee's unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information in Sections 16 and 19, respectively; and (3) payment or recovery of liquidated damages pursuant to Section 21(a). FRANCHISOR AND FRANCHISEE WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL AND CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR GENERAL DAMAGES THE PARTY SUSTAINS.

(g) **Rights of Parties Are Cumulative**. Franchisor's and Franchisee's rights under this Agreement are cumulative, and their exercise or ENFORCEMENT of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by Applicable Law to enforce.

(h) **Costs and Legal Fees**. If Franchisor incurs expenses in connection with the Franchisee's failure to pay when due any monies owed, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee will reimburse Franchisor for any of the costs and expenses which it reasonably incurs, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees to enforce such provisions of the Agreement.

(i) **WAIVER OF JURY TRIAL**. THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR OR FRANCHISEE.

(j) **Material Inducement for Franchisor.** FRANCHISEE AND ITS PRINCIPALS EACH EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS SECTION 26 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 26 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT.

27. NOTICES.

All Notices required or permitted under this Agreement will be deemed given: (a) when delivered by hand; (b) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; (c) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (d) upon delivery by a nationally-recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth in the Summary Page.

28. MISCELLANEOUS.

(a) **Substitution of Valid Provisions**. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion, will be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, Franchisee and Franchisor agree that it will be enforced to the fullest extent permissible under Applicable Law and public policy. If any Applicable Law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause," or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law will be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under Applicable Law, Franchisor has the right, at Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

(b) **Effect of Delay, Waiver, Omission or Forbearance**. No delay, waiver, omission or forbearance by Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or its Principals under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or its Principals, or as to subsequent breach or default by Franchisee or its Principals. Subsequent acceptance by Franchisor of any payments due to it hereunder will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or its Principals of any terms, provisions, covenants or conditions of this Agreement.

(c) **Binding Effect**. This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns and successors-in-interest and will not be modified except by a written agreement signed by both Franchisee and Franchisor.

(d) **Disclaimer of Warranties**. Each Party hereby acknowledges that neither the other Party nor its agents or representatives have made any promises, representations, guarantees, nor warranties of any nature concerning actual or potential sales or profits of a Buff City Soap makery or that the licensed Makeries to be established and operated by Franchisee hereunder will be successful or profitable. Franchisee and its Principals represent and acknowledge that they are not relying upon any information, promise, representation, guaranty, or warranty by Franchisor in entering into this Agreement other than those set forth in this Agreement (including its exhibits, addenda, and attachments). Franchisee and its Principals expressly waive any claim of negligent misrepresentation or omission. Each Party further represents to the other that it has independently reviewed and evaluated the business to be conducted by Franchisee under this Agreement, and the decision to enter into this Agreement was made solely in reliance upon such independent evaluation. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document furnished to Franchisee.

(e) **Receipt of Disclosure**. Franchisee acknowledges that it has received as one document at one time, either personally or by registered mail, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete franchise disclosure document not less than 14 days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed; and (ii) the payment of any consideration by or on behalf of Franchisee relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under Applicable Law).

(f) **Entire Agreement**. This Agreement (including its exhibits, addenda, and attachments) constitutes the entire agreement between the Parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the latest franchise disclosure document that Franchisor provided to Franchisee.

(g) **Construction**. The preambles and exhibits are a part of this Agreement. Except for the third party beneficiary rights of Franchisor Indemnitees to enforce the terms and conditions of the general release executed pursuant to Section 3(c)(6) and their respective rights under Sections 4(k), 18(c)(7), 18(g) and 23 of this Agreement, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

(h) **Headings**. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

(i) **Multiple Copies**. This Agreement may be executed in multiple copies, each of which will be deemed an original.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
BUFF CITY SOAP FRANCHISING, LLC	**[_____]**
By:_____	By:_____
Printed Name:_____	Printed Name:_____
Title:_____	Title:_____

EXHIBIT A

ORGANIZATIONAL AND OWNERSHIP INFORMATION

Franchisee is a _____, organized on _____, ___ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under another name. The following is a list of Franchisee directors and officers as of the Effective Date. Capitalized terms not defined in this Exhibit A have the meanings given in the Franchise Agreement dated _____ between Franchisee and Franchisor.

Name	Position(s) Held

Franchisee represents and warrants to Franchisor that all Equity Interests in Franchisee are disclosed in the Guaranty. Franchisee will disclose to Franchisor such additional information as Franchisor may periodically request concerning all Persons having an Equity Interest in Franchisee. As of the Effective Date:

Name	Mailing Address	% of Equity Interest
[_____]		

EXHIBIT B

GUARANTY AND UNDERTAKING OF OBLIGATIONS

This GUARANTY AND UNDERTAKING OF OBLIGATIONS ("Guaranty") dated _____, 20___ (the "Effective Date") is given to Franchisor, by each of the undersigned as a Principal of Franchisee, in consideration of and as an inducement to the execution of the attached Franchise Agreement, including any exhibits and amendments thereto ("Agreement") by and between Franchisor and Franchisee. Capitalized terms not defined in this Guaranty and Undertaking of Obligations have the meanings given in the Agreement.

Principal hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term and afterward as provided in the Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement.

Principal represents that each and every representation of Franchisee made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned Principal(s)' execution of this Guaranty.

Principal acknowledges that it is included in the term "Principal" as described in Section 1 of the Agreement and without limiting any guarantee of Franchisee's obligations under the Agreement, makes all covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to individually perform thereunder for so long as he or she qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including without limitation the representations, warranties and covenants described in the following sections of the Agreement: Section 12 (Representations, Warranties and Covenants), Section 18 (Transferability of Interest), Section 19 (Restrictive Covenants), and Section 23 (Indemnification).

Principal hereby unconditionally agrees to be personally bound by, and personally liable for, the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities.

Principal consents and agrees that it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so.

Principal consents and agrees that such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other Person and waives any right it may have to require that an action be brought against Franchisee or any other Person as a condition of his or her liability. Principal further waives protest and notice of default, demand for payment or nonperformance or any obligations guaranteed, and any and all other notices and legal or equitable defenses to which Principal may be entitled in its capacity as guarantor.

Principal consents and agrees that such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may periodically 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term.

Principal waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty.

This Guaranty and all claims arising from, under or with respect to the relationship between Franchisor and Principal(s) will be interpreted, enforced and governed by the laws of Texas (without regard to Texas conflicts of law rules).

Principal further acknowledges and agrees as follows:

(a) he/she has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to Franchisor's execution of the Agreement, and Franchisor would not have granted such rights without the execution of this Guaranty by each of the undersigned;

(b) this Guaranty will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

(c) this Guaranty will continue and will be enforceable notwithstanding any change in the name or the constitution of Franchisor or Franchisee.

Principal represents and warrants that the following is a complete and accurate list of all Principals of Franchisee and a full description of the nature and extent of each Principal's Equity Interest in Franchisee. Franchisee, and Principal as to his or her Equity Interest, represents and warrants that Principal is the sole and exclusive legal and beneficial owner of his or her Equity Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature as of the Effective Date.

PRINCIPAL:	**EQUITY INTEREST**
_____	_____%
By:_____	
Printed Name:_____	
Title:_____	
_____	_____%
By:_____	
Printed Name:_____	
Title:_____	
_____	_____%
By:_____	
Printed Name:_____	
Title:_____	

EXHIBIT C

CONFIDENTIALITY AGREEMENT

_____, a _____ ("**Franchisee**"), and on behalf of Franchisor, and _____, an individual having an address at _____ ("**Employee**"), hereby enter into this Agreement, effective as of _____, 20___, the ("**Effective Date**") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth in Attachment C-1.

1. Franchisee and Employee, for their mutual benefit, desire to have Franchisee disclose to Employee certain Confidential Information for the Purpose.

2. Confidential Information means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Makery hereunder, including, without limitation, the Standards; the Manuals; any ingredients, formulae and formulations applicable to Products; Franchisor's or its Affiliate's product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates ("**Confidential Information**"). Confidential Information may be in any form or medium, tangible or intangible, and may be communicated in writing, orally, or through visual observation.

3. For the duration of Employee's employment with Franchisee and at all times thereafter, Employee will use the Confidential Information solely for the Purpose, will not disclose such Confidential Information to any third parties without Franchisee's consent, and will reproduce Confidential Information only to the extent essential to fulfilling the Purpose.

4. Employee will notify Franchisee immediately upon discovery of any unauthorized use or disclosure of any Confidential Information, or any other breach of the Agreement by Employee or any representative of Employee, and will cooperate with Franchisee in every reasonable way to help Franchisee regain possession of its Confidential Information and prevent its further unauthorized use or disclosure.

5. The covenants of confidentiality set forth in this Agreement will apply after the Effective Date to all Confidential Information disclosed to Employee before and after the Effective Date.

6. Upon Franchisee's request, Employee will either return to Franchisee all Confidential Information or, at Franchisee's option, will certify to Franchisee that all media containing Confidential Information have been destroyed; provided, however, that an archival copy of the Confidential Information may be retained in the files of Employee's counsel solely for the purpose of proving the contents of the Confidential Information.

7. The foregoing restrictions on Employee's use or disclosure of Confidential Information will not apply to Confidential Information that Employee can demonstrate: (a) was independently developed by or for the Employee without reference to the Confidential Information, or was received without restrictions; (b) has become generally available to the public through no wrongful act or breach of confidentiality obligations by the Employee; (c) was in the Employee's possession without restriction or was known by the Employee without restriction at the time of disclosure; or (d) is required by a court order to be disclosed; provided, however, that the Employee has given Franchisee prompt notice of such demand for disclosure, has taken reasonable steps to enable Franchisee to seek to protect the confidentiality of the Confidential Information required to be disclosed, and will disclose only that part of the Confidential Information which, in the written opinion of his or her legal counsel, Employee is required to disclose.

8. As between the parties, all Confidential Information will remain the property of Franchisee. By disclosing Confidential Information or executing this Agreement, Franchisee does not grant any license, explicitly or implicitly, under any trademark, patent, copyright, mask work protection right, trade secret or any other intellectual property right. Further, any Confidential Information provided by Franchisee hereunder is provided "AS IS" and no warranties are made by Franchisee regarding such Confidential Information.

9. Execution of this Agreement and the disclosure of Confidential Information pursuant to this Agreement do not constitute or imply any commitment, promise, or inducement by Franchisee to make any purchase or sale, or to enter into any additional agreement of any kind. Moreover, unless otherwise specifically agreed in writing, any knowledge or information which Employee discloses to Franchisee will not be deemed to be proprietary or confidential and will be acquired by Franchisee free from any restrictions; however, no license under any applicable patent(s) of Employee will be granted or implied.

10. Franchisee's failure to enforce any provision, right or remedy under this Agreement will not constitute a waiver of such provision, right or remedy.

11. This Agreement and performance hereunder will be interpreted, enforced and governed by the laws of the location in which Employee's services are performed, without regard to such state's conflicts of law rules.

12. Employee acknowledges that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered and incurred by Franchisee as a result of Employee's breach of this Agreement. Therefore, Employee agrees that if Employee violates or threatens to violate this Agreement, Franchisee, in addition to any other remedies it may have at law or equity, will be entitled to a restraining order, injunction, or other similar remedy in order to enforce the provisions of this Agreement. In the event Franchisee should seek an injunction hereunder, Employee hereby waives any requirement for the submission of proof of the economic value of any Confidential Information or the posting of a bond or any other security. Employee will bear all costs and expenses, including attorneys' fees and costs, incurred by Franchisee in enforcing the provisions of this Agreement.

13. This Agreement constitutes the entire agreement between the parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other oral or written understandings or agreements between the parties relating to the subject matter of this agreement.

14. This Agreement may be executed in one or more counterparts and in both original form and one or more electronic or photocopies, each of which will be deemed to be and constitute one and the same instrument.

15. The parties can amend or modify this Agreement only by a writing duly executed by their respective authorized representatives.

16. Employee will not assign this Agreement without first securing Franchisee's written consent.

17. Franchisor will be an intended third-party beneficiary of this Agreement with the full and independent right to enforce each and all of its terms.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date(s) indicated.

FRANCHISEE:

[_____]
a [_____]

By:_____
Name:_____
Title:_____

EMPLOYEE:

By:_____
Employee Name:_____
Date:_____

ATTACHMENT C-1
TO CONFIDENTIALITY AGREEMENT

DEFINITIONS

"**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

"**Agreement**" means this Confidentiality Agreement between Franchisee and Employee.

"**Franchisor**" means Buff City Soap Franchising, LLC.

"**Makery**" means a Buff City Soap shop

"**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

"**Person**" means any natural person or entity.

"**Purpose**" means the Employee serving as a management employee for Franchisee's Makery.

"**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Buff City Soap makeries, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

"**System**" means the business system for establishing and operating the Makeries, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, formulations and Product offerings; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, negotiated pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

EXHIBIT D

OPERATOR'S CONFIDENTIALITY AND NON-COMPETE AGREEMENT

_____, a _____ ("Employer"), and on behalf of Franchisor, and _____, an individual having an address at _____ ("Operator"), hereby enter into this Agreement, effective as of _____, 20___, the ("Effective Date") and agree as follows:

1. DEFINITIONS.

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth below.

(a) "**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(b) "**Agreement**" means this Operator's Confidentiality and Non-Compete between Agreement between Employer and Operator.

(c) "**Authorized Recipients**" means employees of Employer or Franchisor with authorization to have the Confidential Information

(d) "**Competitive Business**" means any retail establishment that, as determined by Franchisor, is the same as or substantially similar to the Makeries, including, without limitation, any personal body care product retail establishment or chain of retail establishments that feature products free of artificial detergents, surfactants, dyes, or harsh chemicals, or any retail establishment that has soaps, lotions, bath bombs and similar facial, body and hair care products collectively accounting for 25% or more of its average monthly gross sales for the retail establishment during the preceding 12 months (or, if the retail establishment has operated less than 12 months, the number of full calendar months of operation).

(e) "**Confidential Information**" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Franchisee, or which Franchisee or its Affiliates or employees develop or have access to, in connection with this Agreement or the operation of a Buff City Soap makery hereunder, including, without limitation, the Standards; The Manuals; any components and ingredients, formulae and formulations applicable to Products; Franchisor's or its Affiliate's product and raw materials sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale, and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology content (including without limitation inventory and financial controls) and management programs; and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(f) "**Franchisor**" means Buff City Soap Franchising, LLC.

(g) "**Franchise Agreement**" means the Buff City Soap Franchise Agreement between Franchisor and Employer.

(h) "**Makery**" means a Buff City Soap shop.

(i) "**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at it sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(j) "**Person**" means any natural person or entity.

(k) "**Purpose**" means the management of the day to day operations of the Makery by Operator, including without limitation the supervision of the operation of the business contemplated by the Franchise Agreement.

(l) "**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Buff City Soap makeries, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(m) "**System**" means the business system for establishing and operating the Makeries, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, formulations and Product offerings; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, negotiated pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

2. CONFIDENTIAL INFORMATION.

In connection with your employment with Employer, a franchisee of Franchisor, and your position as Operator of a Makery under the Franchise Agreement, you may be provided with or have access to various confidential, proprietary, and/or non-public information of Franchisor, including but not limited to the Confidential Information. It is important to Employer and Franchisor that you maintain all Confidential Information in confidence and that you do not disclose, or allow any others to disclose, any Confidential Information to any persons who, at the time of disclosure, are not Authorized Recipients. By signing this Agreement you agree to use the Confidential Information solely for purposes of your employment with Employer and agree not to directly or indirectly disclose any Confidential Information, during or following your employment with Employer, to anyone except Authorized Recipients or as required to be disclosed by applicable law.

During your employment with Employer you may have access to, or be provided with, documents or other materials that constitute Confidential Information, and you acknowledge that information included as Confidential Information may be in the form of hard copy documents, electronic documents or files or information stored in or on any other media. By signing this Agreement you agree that Franchisor is the sole and exclusive owner of all such Confidential Information regardless of its form and, upon termination or cessation of your employment with Employer for any reason, you will immediately return to Employer all of the Confidential Information you may have, and you will retain no copies (whether in hard copy, electronic or other form) of any Confidential Information.

3. COMPETITION.

(a) For so long as you are Employer's Operator under the Franchise Agreement and for a period of two years from the date you cease to be Employer's Operator, you will not, either directly or

indirectly, individually or through, on behalf of, or in conjunction with any other person:

(i) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business;

(ii) Divert or attempt to divert any actual or prospective business or customer of the Makery to any Competitive Business, by direct or indirect inducement or otherwise; or

(iii) Perform, directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System

The above covenants apply exclusively in the United States of America during the time that you serve as Operator for the Makery and within three miles of any then-existing Buff City Soap Makery during the 2-year period following the date you cease to be Operator of the Makery.

If all or any portion of this Agreement is held unreasonable or unenforceable by a tribunal, court or agency having valid jurisdiction in an unappealed final decision to which Employer is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law. If any portion of the restrictions contained in this Agreement are held to be unreasonable, arbitrary or against public policy by any tribunal, court or agency having valid jurisdiction, then the restrictions will be considered divisible, both as to time and to the geographical area, with each month or the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area will remain effective and may be enforced against you so long as the same is not unreasonable, arbitrary, or against public policy. If you violate any of the covenants contained herein, and if any court, tribunal or agency action is instituted by Employer to prevent or enjoin such violation, then the period of time during which the covenants of this Agreement apply will be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the disposition of the tribunal, court or agency having valid jurisdiction of the issues upon the merits will become final and not subject to further appeal.

You acknowledge that the geographical and time limitations contained in this Agreement are reasonable and properly required for the adequate protection of the Confidential Information, including Franchisor's trade secrets. You acknowledge that Employer will provide to you training and Confidential Information in reliance upon the covenants contained in this Agreement.

Without limiting any provision of this Agreement, you and Employer recognize and agree that Franchisor is a third party beneficiary of this Agreement, and at all times during and after your employment with Employer, Franchisor will have the independent right to enforce the terms of this Agreement.

You also recognize and agree that your employment by Employer is "at will", which means that it may be terminated by Employer or you at any time and with or without cause.

This Agreement and all claims arising from, under or with respect to the relationship between Employer and you will be interpreted, enforced and governed by the laws of the State where the Makery is located (without regard to conflicts of law rules). Any dispute arising out of or under this Agreement not settled by agreement will be submitted to binding arbitration in accordance with the terms of the Franchise Agreement.

As evidenced by your signature below, you hereby acknowledge that you have carefully read this Agreement completely and understand and agree to all of the terms set forth above, and that Employer has provided you with a copy for your records.

OPERATOR:

_____
Operator's signature Date

_____
Operator's name (printed)

EMPLOYER:

[_____]

By: _____

Name (printed):_____

Title:_____

EXHIBIT E

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Franchisee: _____

Principal Name: _____ Phone: _____

Contact Person: _____ Title: _____

Address: _____

Franchisee hereby authorizes Buff City Soap Franchising, LLC ("Franchisor") to initiate entries to the checking or savings account identified below for payment of Royalty Fees, Brand Fund Contributions, Technology Fees and any other amounts owed by Franchisee to Franchisor or its Affiliates under the Buff City Soap Franchise Agreement between Franchisor and Franchisee or otherwise (including without limitation amounts owed to Franchisor's Affiliates for Products and supplies) and, if necessary, to initiate any adjustments for transactions credited in error.

This authorization will remain in full force and effect until 60 calendar days after Franchisor has received signed written notification from Franchisee of its termination.

Name and Address on Account: _____

_____

_____

Pay to the order of: [_____]

Franchisee's Financial Institution: _____
(Name, Address & Phone #) _____

_____

Transit/ABA Routing Number: _____
Account Number: _____

PLEASE ATTACH A VOIDED CHECK

Signature: _____ Date: _____

Printed Name: _____

EXHIBIT F

ADDENDUM TO LEASE

SUMMARY PAGE
ADDENDUM TO LEASE

Addendum Date: _____

Landlord: _____

Tenant: _____

Premises: _____

Lease Effective Date: _____

Tenant Notice Address: _____
_____
_____
_____

EXHIBIT F

ADDENDUM TO LEASE

This Buff City Soap Franchisor Lease Addendum (the "Addendum") is effective as of the Effective Date of the Lease between Landlord and Tenant.

Recitals

A. Tenant is a party to a Buff City Soap Franchise Agreement dated _____ between Tenant and Buff City Soap Franchising, LLC ("Franchisor") which grants Tenant the right to develop and operate a Buff City Soap retail shop (the "Makery") at the Premises.

B. Franchisor's consent to development of the Makery at the Premises is contingent upon Tenant entering into a Lease that is amended by this Addendum and signed by Tenant and Landlord.

C. Landlord's execution of the Lease constitutes Landlord's acceptance of and agreement to be bound by the terms and conditions of this Addendum.

NOW, THEREFORE, in consideration of the foregoing Recitals, the promises set forth in this Amendment, and for other good and valuable consideration, the receipt, accuracy and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

(1) During the term of Tenant's Franchise Agreement, the Premises shall be used only for the operation of the Makery.

(2) Landlord consents to Tenant's use and display of such proprietary marks (the "Proprietary Marks") and signs, decor items, color schemes, plans, specifications and related components of Buff City Soap Franchised System (the "System") as Franchisor has prescribed, and may in the future prescribe, for the Makery. Landlord affirms that the Lease does not prohibit the service of any product items or services of the current System, based on the product and service information provided to Landlord.

(3) Notwithstanding any term, condition or covenant of the Lease to the contrary, Landlord covenants with Tenant that during the term of the Lease, Landlord will not enter into a lease, rental arrangement, license, usufruct or other agreement for space within the same retail center or facility as the Premises with, and will not sell any real property or outparcel adjoining the center or use as part of the center's parking lot to a party for use as any retail store that is the same as or substantially similar to the Makery, including, without limitation, any retail establishment or chain of retail establishments that offers soap or bath products as a primary product offering, accounting for 25% or more of its product offering.

(4) Landlord agrees to send Franchisor copies of any and all notice of default or termination of the Lease sent to Tenant at the same time that such letters and notices are sent to Tenant. Such copy shall be sent to Franchisor at: Buff City Soap Franchising, LLC, 2718 Fairmount St, Dallas, Texas 75201 and franchise@buffcitysoap.com.

(5) In the event of Tenant's default under the Lease, Franchisor may, but has no obligation, to cure the default. Franchisor shall make this determination within 30 days after Franchisor receives written notice of the Lease default from Landlord. If Franchisor elects to cure the default, Franchisor shall cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30 day period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to cure the default.

(6) Franchisor shall have the right, and Landlord consents to allow Franchisor, to enter the Premises during hours when the Premises is available for tenant entry to make any modification or alteration necessary to protect the Makery, the System and Proprietary Marks or to cure any default under the Franchise Agreement, or under the Lease, without being guilty of trespass or any other crime or tort. If Franchisor notifies Landlord of the termination of the Franchise Agreement, Franchisor has the option, but not the obligation, upon written notice to Landlord to:

(a) Operate the Makery at the Premises (notwithstanding any removal or eviction of Tenant) on a month-to-month basis for a period not to exceed six months following the date termination of the Franchise Agreement is effective (the "Interim Operating Period"), and during the Interim Operating Period, Franchisor will pay to Landlord amounts due to Landlord pursuant to the terms and conditions of the Lease; or

(b) At any time within or at the conclusion of the Interim Operating Period, enter into a new lease agreement containing terms, conditions, covenants and obligations at least as favorable as the terms, conditions, covenants and obligations set forth in the Lease. Franchisor will not be a party to the Lease and until such time as Franchisor and Landlord enter into a new lease agreement as set forth in this Section 7(b), Franchisor will have no liability under the Lease except with respect to payments of amounts owed to Landlord during the Interim Operating Period as set forth in Section 7(a) above.

Landlord acknowledges and agrees that Franchisor may assign its rights under this Section 6 to its affiliate or designee as successor in interest ("Successor") upon prior written notice to Landlord.

(7) Landlord hereby consents to such assignment and agrees not to increase or accelerate rent under the Lease in connection with such assignment, or require Successor to pay any rent or other financial obligation of Tenant to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant acknowledge that Franchisor (or Successor, as applicable) is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, and assumed by Franchisor or Successor.

(8) Notwithstanding anything contained in this Addendum and in the Lease, Franchisor is expressly authorized to sublet the Premises to an authorized System franchisee as Successor, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease and satisfies Landlord's then-current criteria for tenants.

(9) Landlord acknowledges that any landlord's lien or security interest arising under or from the Lease will not apply to any operations manuals, software, scripts, videos or other tangible or intangible personal property of Tenant furnished by Franchisor or any supplier to Tenant under a use restriction, obligation of confidentiality or under license, and to any signage, printed materials, merchandise or other tangible media, goods, inventory and supplies bearing the Proprietary Marks. At termination of the Lease, Franchisor will arrange for recovery and removal of such items as provided in the Franchise Agreement.

(10) Landlord acknowledges and agrees that: (a) Franchisor is a third party beneficiary under the Lease pursuant to the terms of this Addendum; (b) Franchisor is at all times entitled to enforce, in its own name, the provisions of this Addendum; and (c) Landlord waives any limitation in the Lease that would prevent Franchisor or its designated assignee, sublessee or franchisee from operating a Buff City Soap makery at the Premises or within a specified distance of the Premises. Each of Landlord and

Franchisee hereby waives any objection or challenge to Franchisor's right to enforce the provisions of this Addendum.

(11) References to the Lease and the Franchise Agreement include all amendments, addenda, extensions and renewals to such documents. In the event the terms of the Lease conflict with the terms of this Addendum, this Addendum shall control. Landlord and Tenant may not amend the term or renewal rights under the Lease without Franchisor's prior written consent.

(12) References to the Landlord, Franchisee and Franchisor include their successors and assigns.

EXHIBIT G

PROTECTED AREA AND PREMISES

1. The Premises for the Makery as set forth in Sections 2(a)-(b) of the Agreement is as follows:_____. Upon the Parties' execution of this Exhibit G, Franchisee's Protected Area for the remainder of the Term is _____. *See* Map of Premises attached to this Exhibit G, as Schedule G-1.

2. The Opening Date for the Makery as set forth in Section 5(b) is as follows: _____. Franchisee will commence construction of the Makery no later than _____, which is 120 days prior to the Opening Date.

3. In accordance with the restrictive covenants in Section 19(a) and the definition of Competitive Business in Section 1(k) the following Existing Brands operated by Franchisee are deemed excluded from Competitive Business:

Franchisor hereby approves the continued operation of the above-named brands existing as of the Effective Date and acknowledges that Franchisee may continue to develop additional units of the above-named existing brands within the Designated Area during the Term of the Agreement without any obligation to Franchisor.

FRANCHISOR:	**FRANCHISEE:**
BUFF CITY SOAP FRANCHISING, LLC	**[_____]**
By:_____	By:_____
Printed Name:_____	Printed Name:_____
Title:_____	Title:_____

SCHEDULE G-1

MAP OF PREMISES

EXHIBIT H

PURCHASE TERMS AND CONDITIONS

If Franchisor exercises its option to purchase under Section 22 of the Agreement following expiration or termination of the Agreement, Franchisor will purchase the Operating Assets (in the case of termination) only as set forth in Section I below of the Makeries (in the case of expiration) only as set forth in Section II below and will assume no liabilities, unless otherwise agreed in writing by the Parties. Franchisor has the unrestricted right to assign this option. Capitalized terms not defined in this Schedule H have the meanings given in the Agreement.

I. Post-Termination.

Purchase Price of Operating Assets. If the Parties cannot agree on a fair market value of the Operating Assets, fair market value will be determined by independent appraisers as set forth in Section III.

II. Post-Expiration.

Purchase Price of Makery. If the Parties cannot agree on the purchase price for the Makery, the purchase price will be determined by independent appraisal pursuant to Section III below. If Franchisor does not elect to purchase the Makery, then Franchisor will provide written notice to Franchisee to immediately and permanently cease to use, in any manner whatsoever, (1) the Standards and any other confidential methods, procedures and techniques associated with the System; (2) all of the Marks, trade name and all related trade names; and (3) all business forms, advertising and promotional materials, slogans, signs, symbols and devices associated with the System.

III. Valuation of Independent Appraisal.

Valuation of the Operating Assets or Makery, as applicable, will be determined by three independent appraisers (each of whom must, at a minimum, satisfy Franchisor's criteria for appraisal and valuation firms as set forth in the Standards) in accordance with the valuation procedures above. Each of the Franchisor and Franchisee may select an appraiser, and the two appraisers will appoint the third appraiser within 15 days from the date on which the last of the two Party-appointed appraisers was appointed. Franchisor and Franchisee will bear the fee, cost and expense of their own appraisers and share equally the fees, cost and expenses of the third appraiser. The appraisers must agree to complete their appraisal within 30 days from the date of the third appraiser's appointment. If the two appraisers are unable to agree on a third appraiser, the fair market value will be determined by the two appraisers and the average of their determinations will be binding.

IV. Offset of Purchase Price.

Franchisor may offset against the purchase price any amounts owed by Franchisee to Franchisor pursuant to the Agreement and any other amounts owed by Franchisee or its Affiliate pursuant to any other agreement with Franchisor or its Affiliate. In addition, to the extent the Operating Assets or Makery, as applicable, have not been upgraded, modified or improved in accordance with Franchisor's Standards as set forth in Sections 7(c), 8(a), 8(b), 8(c) and 11(c), Franchisor may offset against the purchase price amounts incurred by Franchisor in completing such upgrades, modifications and improvements to the Operating Assets or Makery.

III. Occupancy of Premises.

A. Leasehold Rights. If Franchisee occupies the Premises pursuant to a Lease, Franchisee will and will cause any Principal or Affiliate to assign the Lease to Franchisor (subject to landlord's consent). If the Premises is leased from a landlord other than a Principal or Affiliate, on Franchisor's request, Franchisee will assign the Lease to Franchisor or enter into a sublease with Franchisor for the remainder of the Lease term on the same terms (including renewal options) as the Lease (subject to landlord's consent). Franchisor acknowledges that this obligation may be subject to approval or consent by any third-party landlord. Franchisee will exert its best efforts to secure any required consent from any third-party landlord to cause the Lease to be assigned or a sublease granted to Franchisor.

If Franchisee owns the Premises, Franchisor, at its option, will upon purchase of the Operating Assets or the Makery as described in Sections I and II above, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the Designated Area are the being leased. The initial term of the lease with Franchisee will be at least ten years with two options to renew of five years each, and the rent will be the fair market rental value of the Premises. If Franchisee and Franchisor cannot agree on the fair market rental value of the Premises, then appraisers (selected in the manner described in Section III above) will determine such rental value, as applicable.

IV. Closing.

Franchisor will be entitled to all customary warranties and representations in connection with the purchase of the Operating Assets, Makery and/or Premises, as applicable, including, without limitation, representations and warranties as to ownership and condition of and title to assets, liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise. The purchase price will be paid in cash and is due at closing; provided, that Franchisor will have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (ii) all amounts due from Franchisee to Franchisor or any of its Affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees). The closing will take place not later than 45 days from the date of determination of the purchase price in writing by the appraisers unless the Parties otherwise agree in writing. At the closing, Franchisee will deliver to Franchisor:

A. instruments transferring good and merchantable title to the Operating Assets, Makery and/or Premises purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor), with all sales and other transfer taxes paid by Franchisee (provided, if Franchisee cannot deliver clear title to all of the purchased assets, the closing of the sale will be accomplished through an escrow);

B. instruments transferring all approvals, licenses and/or permits of the Makery which may be assigned or transferred, with appropriate consents, if required;

C. instruments transferring fee simple or leasehold interest in the Premises and improvements thereon, subject to any necessary approvals from third-party landlords or financial institutions or banks; and

D. general releases, in form satisfactory to Franchisor, from Franchisee and its Principals, of any and all claims against Franchisor, its Affiliates, and its officers, directors, employees, agents, successors and assigns.

EXHIBIT I

INSURANCE REQUIREMENTS

The insurance requirements described below are for a single Makery. If Franchisee owns multiple Makeries, Franchisee must meet the insurance requirements below for each Makery and "per Makery location" aggregate limits when multiple Makeries are insured under single comprehensive general liability policy. Franchisor recommends that Franchisee maintain workplace safety and risk management programs at Franchisee's Makery. All insurance policies must be issued by a responsible carrier or carriers that has received and maintains an A.M. Best rating of at least A-VI (or comparable ratings from a reputable insurance rating service, in the event such A.M. Best ratings are discontinued or materially altered), and otherwise approved by Franchisor; include a waiver of subrogation provision or endorsement in favor of Franchisor Indemnitees; be primary and non-contributory to any other insurance that any of Franchisor Indemnitees for as procured for themselves; provide for 30 days' prior written Notice to Franchisor of any material modification, cancellation, or expiration of such policy. Such endorsements must not contain language that limits the liability afforded to Franchisor and its Affiliates to any amount less than stated on the declarations page of each policy. No insurance policy will contain a provision that in any way limits or reduces coverage for Franchisee in the event of a claim by Franchisor Indemnitees. Such insurance coverage will not include an insured versus insured exclusion or any exclusion that prevents coverage of a claim by one insured against another. All insurance coverage will include a separation of insureds provision. Capitalized terms not defined in this Exhibit I have the meanings set forth in the Agreement.

A. Commercial General Liability. The commercial general liability policy will be written on an occurrence basis and will include coverage for products/completed operations on the Makery premises through ISO form CG 24 07 or equivalent coverage and must not include an exclusion or sublimit for assault and battery. The commercial general liability policy will have a minimum per occurrence liability limit of $1,000,000 and a general aggregate liability limit of $2,000,000. The commercial general liability policy will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will include premises-operations, contractual liability, independent contractors, and products and completed operations. The additional insured coverage will not be limited to Franchisor's vicarious liability, and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the Makery.

B. Crime (inside/outside) and Employee Dishonesty Insurance: Crime (moneys and securities) inside/outside coverage will have a minimum per occurrence liability limit of $100,000 for inside crime and a minimum per occurrence liability limit of $100,000 for outside crime. Employee dishonesty coverage will have a minimum per occurrence liability limit of $100,000.

C. Worker's Compensation Insurance. Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to Franchisor, provided that Franchisee (i) maintains insurance coverage that provides at least $500,000 in excess indemnity limits covering employer's liability, indemnity and medical expenses for on the job accidents acceptable to Franchisor; and (ii) conducts and maintains a risk management and safety program for Franchisee's employees as Franchisee deems appropriate.

D. Automobile Liability Insurance. Automobile liability insurance coverage for owned, non-owned, and hired vehicles with a liability limit of not less than $1,000,000 combined single limit.

E. Building and personal property insurance coverage: Property coverage for physical loss or damage to personal property and real property including leasehold improvements, at each Makery location.

The policy will include all risk replacement cost property insurance for Franchisee's Makery and its contents, including without limitation awnings, equipment, signs, glass, additions under construction, outdoor fixtures, and personal property. The policy will also include business interruption insurance for income loss for at least 12 months and Royalty Fees due under Franchisee's Franchise Agreement for the applicable Makery, equipment breakdown, business ordinance, debris removal, preservation of property, fire department service charges, pollutant clean up and removal, newly acquired or constructed property, property of others, property off premises, and stock. This policy will include the Franchisor as a loss payee for equipment and supplies financed by Franchisor either by a loan, line of credit, or an open account.

G. Umbrella liability insurance. Umbrella coverage over the above described general commercial liability, automobile liability and employer's liability insurance policies listed above and provide coverage at least as broad as these underlying policies. Such coverage will be written on a per occurrence basis. The policy must provide coverage of at least a $1,000,000 per occurrence limit and $5,000,000 aggregate limit. The umbrella liability insurance will also have the following endorsements: the additional insured coverage for Franchisor Indemnitees will not be limited to Franchisor vicarious liability, and will include coverage for liability arising out of or occurring upon or in connection with the condition, operation, use or occupancy of the franchised business.

H. Employment Practices Liability Insurance. Employment practices liability insurance ("EPLI") coverage with coverage limits of at least $500,000. The policy must include coverage for third party claims. In addition, the policy must have a sublimit for defense costs relating to wage and hour claims. In the event that an additional insured endorsement is not available, Franchisee will have a vicarious liability endorsement protecting Franchisor Indemnitees.

I. Data Privacy/Cyber Liability Insurance. Data privacy/cyber liability insurance coverage will have coverage limits of at least $2,000,000 and include first party loss (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage. The additional insured coverage for Franchisor Indemnitees will not be limited to Franchisor vicarious liability, and will include coverage for liability arising out of the operations of the Makery.

J. Insurance Required Under Applicable Law. Any insurance which may be required by statute or rule of the state or locality in which Franchisee's Makery will be operated.

K. Deductibles. The insurance coverages described above may not have any deductible, self-insured retention, self-funded retention, or any similar provision unless prior written consent is given by Franchisor. Should consent be given by Franchisor for a deductible or similar provision to be included for any required insurance coverage, the deductible or other similar provision amount may not exceed $25,000. The coinsurance percentage will not be less than 80%.

Notwithstanding anything to the contrary in the Franchise Agreement, including, but not limited to this Exhibit I, with respect to the liability insurance policies that Franchisee is required to secure under the Franchise Agreement in connection with the operation of the Shop, the respective officers, directors, members, shareholders, partners and employees of Franchisor Indemnitees will not be required to be named as additional insureds

EXHIBIT J

STATE ADDENDA

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in Hawaii:

   The Hawaii Securities Commissioner requires Franchisor to defer payment of the Initial Franchise Fee owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations to Franchisee and the Franchisee has commenced operating the Makery under the Franchise Agreement.

2. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

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

2. Illinois law governs the franchise agreements.

3. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

4. The Illinois Attorney General's Office has imposed a financial assurance requirement due to Franchisor's financial condition. Accordingly, payment of the Initial Franchise Fee and Development Fee owed by Franchisee/Developer to Franchisor will be deferred until the Franchisor has completed its pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance, and review of Franchisee's opening promotional materials, or, with respect to deferral of the Development Fee, until the Franchisor has completed its pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance and review of Franchisee's opening promotional materials for the first Makery and Franchisee has commenced doing business of its First Makery pursuant to the Franchise Agreement.

5. Franchisees rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

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

7. Supplier Control. Franchisee must purchase all or nearly all of the inventory and supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at the prices that Franchisor or they set. These prices may be higher than prices Franchisee could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of Franchisee's franchised business.

8. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC

_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; (b) Franchisee is a resident of the State of Maryland; and/or (c) the Makery will be located in the State of Maryland.
2. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law."
3. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in Maryland: "The Maryland Commissioner has determined that all fees paid to the Franchisor by the Franchisee, including payments for goods and services received from the Franchisor before the business opens, should be deferred pending satisfaction of all of the Franchisor's pre-opening obligations to the Franchisee."
4. Section 20(a)(4) of the Franchise Agreement will be supplemented by the addition of the following sentence: "This Section 20(a)(4) may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 *et seq.*)."
5. Section 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."
6. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Franchisee the franchise."
7. The following is added as a new Section 28(j) to the end of the Franchise Agreement: "All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."
8. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) Franchisee is a resident of the State of Minnesota; and/or (b) the Makery will be located in the State of Minnesota.
2. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchise Investment Law."
3. Section 3(b) and Section 20 of the Franchise Agreement will be supplemented by the addition of the following sentence: "However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. § 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement."
4. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following sentence: "The Commissioner of the Minnesota Department of Commerce requires Franchisor to defer payment of the Initial Franchise Fee owed by Franchisee to the Franchisor until the Franchisor has completed its pre-opening obligations to you concerning site selection, building and design requirements, access to our manual, opening training assistance, and review of your opening promotional materials and the Franchisee has commenced operating the Makery pursuant to the Franchise Agreement."
5. Section 26(b) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, Franchisor may seek temporary, injunctive of other special or extraordinary relief; however, Franchisee cannot consent to Franchisor's obtaining of such relief. A court will determine whether a bond or security must be posted. See Minnesota Rules 2860.4400(J)."
6. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Franchisee must bring any action arising under the Minnesota Franchise Investment Law within three years after the cause of action accrues."
7. Section 26(i) of the Franchise Agreement is hereby deleted in its entirety.
8. Minn. Stat. §80C.21 and Minnesota Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for under the Minnesota Franchise Investment Law or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota.
9. Franchisor will protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

10. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) Franchisee is a resident of the State of North Dakota and the Makery that Franchisee will operate under the Franchise Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. Sections 3(b) and 18(c) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

3. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in North Dakota:

> "The North Dakota Securities Department has imposed a deferral requirement of the Initial Franchise Fee due to Franchisor's financial condition. Payment of the Initial Franchise Fee will be deferred until such time as Franchisee has commenced doing business pursuant to the Franchise Agreement."

4. Covenants not to compete such as those mentioned in Section 19(a) of the Franchise Agreement may be unenforceable in the State of North Dakota except in certain circumstances provided by law."

5. Section 21(a) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Any provision requiring Franchisee to pay liquidated damages may not be enforceable."

6. Sections 26(c) and 26(d) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, to the extent required by North Dakota Franchise Investment Law, any provision requiring Franchisee to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void."

7. Sections 26(f), 26(i) and 26(j) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Pursuant to North Dakota Franchise Investment Law, any provision requiring Franchisee to waive its right to jury trial, exemplary or punitive damages or class actions may not be enforceable."

8. Section 26(e) of the Franchise Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section 26(e) to the contrary, the statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law."

9. Except as amended in this Addendum, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT
PURSUANT TO THE RHODE ISLAND FRANCHISE INVESTMENT ACT

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. 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 this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE VIRGINIA FRANCHISE INVESTMENT LAW

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

1. Section 4(a) of the Franchise Agreement will be supplemented by the addition of the following statement applicable to franchisees in Virginia:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE FRANCHISE AGREEMENT PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

This Addendum to the Franchise Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Franchisee") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Franchise Agreement. Notwithstanding anything which may be contained in the Franchise Agreement to the contrary, the Franchise Agreement is amended to include the following:

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

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

(Signature Page Follows)

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

FRANCHISEE:	FRANCHISOR:
[_____]	Buff City Soap Franchising, LLC
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

Exhibit B

Development Agreement

BUFF CITY SOAP FRANCHISING, LLC

Area Development Agreement

SUMMARY PAGE

This page summarizes certain provisions of the Area Development Agreement to which they are attached. The Area Development Agreement's provisions will control in the event of any conflict.

Effective Date: _____

Expiration Date: _____

Developer: _____

Business Entity: __ corporation/ __ partnership/ _____ limited liability company, formed under the laws of _____.

Designated Principal: _____

Development Fee: _____

Initial Franchise Fee: _____

Offering Fee: $10,000

Territory: _____, as geographically constituted as of the Effective Date.

Transfer Fee: $12,500

Extension Fee: $2,000

Developer: _____
Address for Notices: _____
_____
phone: _____
fax: _____
email: _____

Franchisor: Buff City Soap Franchising, LLC
Address for Notices: Attn:_____
2718 Fairmount St
Dallas, TX 75201
phone: 1-844-GOT-SOAP
email: _____@buffcitysoap.com

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BUFF CITY SOAP

AREA DEVELOPMENT AGREEMENT

This Agreement is made as of the Effective Date between Franchisor and Developer.

WHEREAS, Franchisor has expended significant effort, money and time to develop the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Makeries that offer the Products and utilize the System and Marks.

WHEREAS, Franchisor developed and will continue to develop valuable goodwill in the Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be changed or modified at Franchisor's sole option.

WHEREAS, Developer desires to obtain the right to identify and propose locations for Makeries within the Territory and to develop and operate Makeries at Premises pursuant to one or more Franchise Agreements.

NOW, THEREFORE, in consideration of Franchisor's granting to Developer the right to develop Makeries in the Territory subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS.

Certain initially capitalized terms used frequently in this Agreement are defined in this Section 1. Other terms are defined elsewhere in this Agreement in the context in which they arise.

(a) "**ADA**" means the Americans with Disabilities Act.

(b) "**Affiliate**" means with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

(c) "**Agreement**" means this Buff City Soap Area Development Agreement between Franchisor and Developer.

(d) "**Applicable Law**" means any federal, state, and local laws, ordinances, and codes, together with all rules, regulations, policies, and guidelines related thereto, applicable to the subject matter of this Agreement and either Party, including the development, construction and/or operation of the Makery pursuant to the terms hereof, including, without limitation, all laws and regulations related to cosmetics (e.g. U.S. Food & Drug Administration packaging and labeling requirements); environmental regulations (e.g. regulations applicable to the disposal of containers used in the storage of lye and similar component ingredients); labor; consumer privacy and data security; and those governing public accommodations for persons with disabilities.

(e) "**Brand**" means the Buff City Soap brand.

(f) "**Competitive Business**" means any retail establishment that, as determined by Franchisor, is the same as or substantially similar to the Makeries, including, without limitation, any personal body care product retail establishment or chain of retail establishments that feature products free of artificial detergents, surfactants, dyes, or harsh chemicals, or any retail establishment that has soaps, lotions, bath bombs and similar facial, body and hair care products collectively accounting for 25% or more of its average monthly gross sales for the retail establishment during the preceding 12 months (or, if the retail establishment has operated less than 12 months, the number of full calendar months of operation). A Competitive Business does not include (i) other businesses that are licensed by Franchisor or any of its Affiliates; or (ii) Franchisee's Existing Brands.

(g) "**Conditions**" means collectively, the "Operational," "Financial," "Legal" and "Ownership" conditions to execution by Developer and Franchisor of a Franchise Agreement.

(h) "**Confidential Information**" means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Developer, or which Developer or its employees develop or have access to, in connection with this Agreement or the operation of a Makery hereunder, including, without limitation, the Standards; the Manuals; any components and ingredients, formulae and recipes applicable to Products; Franchisor's or its Affiliates product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation, inventory and financial controls) and management programs and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates.

(i) "**Consequential Damages**" means damages and injury that result from a Party's negligent performance of or other breach of this Agreement for (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

(j) "**Control**," "**Controlling**" or "**Controlling Interest**" means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

(k) "**Crisis Management Event**" means an event affecting Developer or its Makeries that Franchisor determines may materially affect the Marks and goodwill associated therewith.

(l) "**Cybersecurity Incident**" means any event or occurrence that results in unauthorized access to or adversely affects the availability or integrity of the System, Buff City Soap Makeries or the Confidential Information, which event or occurrence could not have been prevented by commercially reasonable administrative, physical or technical security measures.

(m) "**Designated Principal**" means the employee of Developer who supervises and oversees the operation of the business contemplated by this Agreement. The first Designated Principal is identified in the Summary Page.

(n) "**Developer**" means the Entity so described in the Summary Pages.

(o) "**Development Fee**" means an initial fee in the amount set forth in the Summary Page owed to Franchisor upon Developer's execution of this Agreement.

(p) "**Development Period**" means, unless otherwise set forth in the Development Schedule, the 12-month period ending on the calendar day immediately preceding the first anniversary of the Effective Date and each subsequent 12-month period thereafter during the Initial Term.

(q) "**Development Schedule**" means the schedule set forth in Exhibit A.

(r) "**Effective Date**" means the effective date of this Agreement as set forth on the Summary Page.

(s) "**Entity**" means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

(t) "**Equity Interest**" means any direct or indirect stock, unit, membership, partnership or other legal, equitable or beneficial ownership interest, or other voting rights, in an Entity, but does not include direct or indirect ownership solely as an investment of securities of any Entity traded on any securities exchange if the owner is not a Controlling Person (or a member of an Entity that Controls such Entity and does not, directly or indirectly, own 5% or more of any class of securities of such Entity).

(u) "**Event of Default**" means any breach by Developer of, or any failure by Developer to comply with, any condition or obligation of this Agreement as described in Section 12(a).

(v) "**Existing Brands**" means personal body care retail shops operated under a system and marks other than the System and Marks by Developer as of the Effective Date, as set forth in Exhibit A.

(w) "**Extension Fee**" means a monthly fee in the amount set forth in the Summary Page payable by Developer to Franchisor in connection with the extension of a Development Period.

(x) "**Force Majeure Event**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, Cybersecurity Incident, or other civil disturbances; epidemics; pandemics; or other forces, that materially and adversely affect the ability of a Party hereto to perform provided that with respect to any or all events they are not within the reasonable control of the Party affected thereby. Financial inability of a Party hereto will not constitute a Force Majeure Event.

(y) "**Franchise**" means the right to operate a Makery pursuant to this Agreement.

(z) "**Franchise Agreement**" means Franchisor's then–current form of franchise agreement that governs the operation of a Makery. Franchisor's current form of Franchise Agreement is attached to this Agreement as Exhibit D.

(aa) "**Franchisee**" means Developer or an Affiliate of Developer approved by Franchisor to operate a Makery pursuant to an executed Franchise Agreement between Franchisor and Developer.

(bb) "**Franchisor**" means the Entity so described in the Summary Page.

(cc) "**Franchisor Indemnitees**" means Franchisor, its Affiliates and their respective Principals, directors, officers, employees, agents, successors and assignees.

(dd) "**Ideas and Concepts**" means the recipes, processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or the Makery(ies) that Developer, any of its Principals or its Affiliates or any of their respective Personnel or independent contractors creates or develops from time to time in connection with the development or operation of the Makeries.

(ee) "**Indemnified Matter**" means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 10..

(ff) "**Initial Franchise Fee**" means an initial fee in the amount set forth in the Summary Page owed to Franchisor upon Developer's execution of a Buff City Soap Franchising, LLC Franchise Agreement in connection with each Makery developed hereunder, subject to application of any portion of the Development Fee pursuant to Section 6(a).

(gg) "**Initial Term**" means the initial term of this Agreement as set forth in Section 3.

(hh) "**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common

law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

(ii) ""**Internet**" means all modes of communications between computers and between computers and television, telephone, facsimile and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups, social media, mobile applications, electronic bulletin boards and related communications.

(jj) "**Lease**" means the document executed by Developer or its Affiliate with an owner or lessor of real property in connection with the granting of the right to occupy the Premises and operate a Makery from the Premises, including the Lease Addendum (as defined in the Franchise Agreement). "Lease" includes any sublease or renewal of any lease or sublease.

(kk) "**Losses and Expenses**" means without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including without limitation reasonable legal fees and Consequential Damages

(ll) "**Makery**" means a Buff City Soap shop operating under the Marks and System pursuant to Buff City Soap Franchising, LLC Franchise Agreement between Franchisor and a Franchisee..

(mm) "**Manuals**" means Franchisor's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised by Franchisor at its sole option, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

(nn) "**Marks**" means the Buff City Soap trademarks and service marks and such other registered and unregistered trademarks, trade names, service marks, logos, slogans, emblems and other indicia of origin as are now designated, and may hereafter be designated, by Franchisor in writing for use in connection with the System.

(oo) "**Notice**" means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to this Agreement.

(pp) "**Offering Fee**" means a payment in the amount set forth in the Summary Page that will be owed to Franchisor in connection with any offerings of debt or any Equity Interest of Developer or any Affiliate or any of the Principals thereof as set forth in Section 11(f).

(qq) "**Opening Date**" means the date by which a Makery must be open for business to the public as set forth in the applicable Franchise Agreement.

(rr) "**Party**" or "**Parties**" means either Franchisor or Developer individually or collectively.

(ss) "**Permanently Disabled**" means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Developer or any Principal holding a Controlling Interest in Developer from performing his or her obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the parties hereto disagree as to

whether a Person is "Permanently Disabled" the determination will be made by an independent licensed practicing physician, selected by Franchisor, upon examination of the Person, or, if the Person refuses to submit to an examination, then for purposes of Section 11(e), the Person will automatically be considered Permanently Disabled as of the date of refusal.

(tt) "**Person**" means any natural person or Entity.

(uu) "**Personnel**" means all Persons employed by Developer or any of its Affiliates in connection with the development and operation of the Makeries.

(vv) "**Premises**" means the site approved by Franchisor for Developer's Makery as set forth in the applicable Franchise Agreement.

(ww) "**Principal**" means collectively or individually, the Persons holding a direct or indirect Equity Interest in Developer or in any Affiliate of Developer which has entered into an agreement with Franchisor or any of its Affiliates with respect to the exercise of any of Developer's rights or the performance of any Developer's obligations under this Agreement or any Franchise Agreement. Any reference to "Principal" in this Agreement includes the Designated Principal.

(xx) "**Products**" means all soaps, salts, bath bombs, shower fizzes, body and foot scrubs, shower oils, shave soaps, beard balms and oils, body butters, lotions, shampoos, bath truffles, facial masks, facial cleansers facial scrubs, lip balms, facial creams, toners, facial serums, pet products, laundry products, and related bath, body, facial and hair products and accessories, used, manufactured, produced or made available for purchase at or from the Makeries, as specified from time to time by Franchisor in the Manuals, or otherwise in writing. Products include the Proprietary Products.

(yy) "**Proprietary Products**" means all bath, body, facial and hair products, accessories and merchandise used or made available for purchase at or from the Makeries bearing any of the Marks or designated as proprietary by Franchisor or any Affiliate.

(zz) "**Reserved Area**" means any location that by their nature are unique and separate in character from locations generally developed as Buff City Soap Makeries which include military bases, airports, shopping malls, hospitals, campuses, schools, hotels, casinos and other mass gathering locations or events.

(aaa) "**Site Application**" means the documents and information that Developer must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation, demographic data, photographs, maps, artists' renderings, site plans, and/or a copy of the Lease and documentation indicating Developer's prospects for acquiring possessory interest in the Premises

(bbb) "**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand and for the development and operation of Buff City Soap Makeries, as set forth in the Manuals or otherwise specified by Franchisor in writing and as may be amended by Franchisor from time to time.

(ccc) "**Summary Page**" means the Summary Page of this Agreement that directly precedes the Table of Contents of this Agreement.

(ddd) "**System**" means the business system for establishing and operating Buff City Soap Makeries, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special components and ingredients, recipes and Products; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

(eee) "**Term**" means the term of this Agreement as set forth in Section 3.

(fff) "**Territory**" means the geographic area described in the Summary Pages.

(ggg) "**Trade Dress**" means the unique, distinctive, and non-functional overall appearance and image of the Makeries in the marketplace and includes the Standards.

(hhh) "**Transfer**" means any voluntary, involuntary, direct or indirect assignment, transfer, sale, conveyance, disposition, gift, encumbrance, pledge, hypothecation, or mortgage by Developer or any of its Principals of all or any part of its rights, interests or obligations in this Agreement, Developer, the Makeries (including the Premises), or any Equity Interest, directly or indirectly, in Developer to any Person or any other transaction that would, alone or together with other previous, simultaneous or proposed Transfer, have the effect of transferring Control, this Agreement, or substantially all of the assets of the business operated pursuant to this Agreement. Any transfer of an Equity Interest in Developer or the ownership, possession, or Control of the Makeries may be made only in conjunction with a Transfer of this Agreement.

(iii) "**Transfer Fee**" means the transfer fee Developer or the transferee must pay to Franchisor as set forth in Section 11(c)(7) and in the amount set forth in the Summary Page.

2. GRANT OF DEVELOPMENT RIGHTS.

(a) **Development Rights.** Franchisor grants to Developer and Developer accepts from Franchisor, the right to develop a pre-determined number of Makeries in the Territory during the Initial Term. This Agreement does not grant Developer the right to use the Marks, the System or operate a Makery. Each Makery must be operated under a separate Franchise Agreement. Developer has no rights under this Agreement to develop any Makeries outside of the Territory or to develop retail stores under other brands that may come to be owned, operated or franchised by Franchisor or its Affiliates and that do not utilize the System. Subject to the rights reserved to Franchisor in Section 2(b) and provided Developer and its Affiliates remain in full compliance with this Agreement and all other agreements with Franchisor or any of its Affiliates during the Term, Franchisor will not:

(1) operate, directly or indirectly, nor grant to Persons the right to operate, a Makery located within the Territory;

(2) operate, directly or indirectly, nor grant to Persons the right to operate, a Competitive Business located within the Territory; provided that, Franchisor and its Affiliates will have the right to: a) establish and operate, and grant Persons the right to establish and operate, Competitive Businesses located within the Territory under marks and business methods the rights to which are acquired by Franchisor or its Affiliates pursuant to, as the result of, or in connection with a merger with or acquisition by any Entity or acquisition by Franchisor or its Affiliates of any Entity, including an asset transfer; and b) in such case, operate or grant to Persons the right to operate such Competitive Business as a Makery.

The rights granted under this Section 2(a) are limited to the right to develop Makeries and do not include (1) any right to subfranchise, sublicense, subcontract, share, divide or partition this Agreement or any rights hereunder; (2)and right to sell Products identified by the Marks at any location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), other than at Makeries within the Territory; (3) any right to sell Products identified by the Marks to any Person for resale or further distribution; or (4) any right to exclude, control or impose conditions on Franchisor's development or operation of franchised, Affiliate or company-operated Makeries (whether under the Marks or different trade names or trademarks) at any time or at any location outside of the Territory.

(b) **Reserved Rights.** Franchisor retains all rights inside and outside the Territory except those that are expressly granted to Developer in this Agreement. Without limiting Franchisor's and its Affiliates' rights described in this Section 2(b), Franchisor and its Affiliates and any other authorized Person may, among other things:

(1) Advertise and promote the System within and outside the Territory;

(2) Operate, and license others to operate, Buff City Soap Makeries at any location outside the Territory, including locations that are adjacent to the Territory;

(3) Except for the restriction against the establishment of another Buff City Soap Makery in the Territory, offer and sell, and authorize others to offer and sell, approved collateral products and services, including those offered and sold at Buff City Soap Makeries (such as the Products and other Buff City Soap merchandise), under the Marks or other trademarks at or from any location or through any channel of distribution (including, but not limited to, grocery stores, club stores, convenience stores, wholesale, hospitals, health care facilities and fitness centers, airports, salons, business (*e.g.* office building), military installations, military commissaries, universities, schools, the Internet (or any other existing or future form of electronic commerce), other retail locations and other retail facilities such as kiosks or multi-brand facilities providing a limited number or representative sample of the products and services normally offered by an Buff City Soap Makery);

(4) Establish and operate, and license others to establish and operate, any business other than a Buff City Soap Makery, including other retail stores or retail-related businesses, under the Marks or under other marks, including retail stores or other businesses that Franchisor or its Affiliates may operate, acquire, be acquired by, or be merged or consolidated with; and;

(5) Establish and operate, and license others to establish and operate, Buff City Soap Makeries and other retail facilities in any Reserved Area whether or not located within the Territory.

3. TERM. Unless sooner terminated in accordance with this Agreement, the Term will commence on the Effective Date described in the Summary Page and will expire on the earlier of the expiration date set forth in the Summary Page or the date upon which Developer opens for operation the cumulative number of **MAKERIES** in the Territory set forth in the Development Schedule.

4. DEVELOPMENT SCHEDULE.

(a) **Development Schedule.** Developer will exert its best efforts and take all steps necessary and consistent with this Agreement to fully develop the Makeries in the Territory. Without limiting the foregoing, Developer must have open and operating in the Territory, pursuant to Franchise Agreements, the cumulative number of Makeries by the corresponding dates as set forth in the Development Schedule. Developer must execute Franchisor's then-current form of Franchise Agreement for each Makery and open each such Makery by the Opening Date set forth in the applicable Franchise Agreement, provided that such Opening Date will not modify the cumulative number of Makeries that Developer must have open and operating as of the expiration of each Development Period.

(b) **Investment.** Developer acknowledges that: (1) the estimated expenses and initial investment requirements for any Makery are subject to increase over time and future Makeries likely will involve greater initial investment and operating capital requirements; and (2) it is required to open all of the Makeries on the dates set forth in the Development Schedule regardless of the requirement of a greater investment, the financial condition or performance of Developer's then-existing Makeries or any other circumstances, financial or otherwise.

(c) **Exercise of Development Rights.** Developer may not develop a Makery unless (1) at least 45 days prior to the execution of each Franchise Agreement, Developer requests that Franchisor send its then-current franchise disclosure document and Franchise Agreement, confirms its intent to develop the applicable Makery and sends to Franchisor all information necessary to complete the Franchise Agreement for the applicable Makery; and (2) all of the conditions set forth in Section 5(c) have been met.

(d) **Makery Casualty.** If an operating Makery is closed due to a Force Majeure Event, then such Makery will be deemed open and in operation as of the end of such Development Period, but not thereafter.

(e) **Failure to Comply With Development Schedule**. Developer's complete, timely, and strict compliance with the Development Schedule is the essence of this Agreement and without such compliance, Franchisor would not be willing to enter into this Agreement (or any Franchise Agreement) with Developer. Developer's failure to fulfill its obligations with respect to any Development Period of the Development Schedule (including without limitation executing a Franchise Agreement for each Makery and opening the Makery by the Opening Date prescribed in such Franchise Agreement) will constitute an Event of Default under this Agreement. If Developer fails to either execute a Franchise Agreement, open a Makery by the Opening Date set forth in the applicable Franchise Agreement or have operating at least the minimum number of Makeries according to the applicable Development Period and Franchise Agreements, or if Developer ceases operation of any Makery prior to the expiration of the term of the applicable Franchise Agreement and does not re-open such Makery within the time period required by the Franchise Agreement (except in the event of closure due to a Force Majeure Event as provided in Section 14), Franchisor has the right but not the obligation to terminate this Agreement. Franchisor may, at its option, but not in lieu of termination or any other remedies available to Franchisor in this Agreement, the Franchise Agreement or at law, effective upon Notice to Developer: (1) terminate or modify Developer's exclusivity in the Territory; (2) modify the Territory; and/or (3) limit the number of remaining Makeries that may be developed by Developer in the Territory.

(f) **Option to Extend Development Period.** If Developer is unable to satisfy the minimum number of operating Makeries required during any Development Period, then Developer may, upon 90 days' Notice to Franchisor and payment of the Extension Fee each month during the extension of the Development Period, extend the deadline by which it must comply with the Development Schedule for the applicable Development Period by 180 days. However, in no event will any such extension extend the duration of the Development Schedule or otherwise affect the requirements that Developer must satisfy during any other Development Period. A Development Period may be extended only once and Developer may purchase no more than one extension during the Term.

5. SITE SELECTION AND FRANCHISE AGREEMENTS.

(a) **Franchisor's Consent to Developer's Premises**. Developer is required to obtain Franchisor's prior written consent to each of the Premises before executing a lease for, or a binding agreement to purchase, any proposed Premises dedicated to a Makery. Developer assumes all cost, liability, expense and responsibility for locating, obtaining and developing the Premises for each Makery within the Territory and for finish-out or renovation and equipping the Makery at the Premises in accordance with the applicable Franchise Agreement. Developer will submit to Franchisor within 30 days after the commencement of each Development Period its Site Application for a proposed site for each Makery to be developed during the applicable Development Period in accordance with the Site Application procedures set forth in the Manuals. Franchisor will provide Developer with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site. Franchisor may, but is not obligated to, conduct an on-site evaluation for any proposed site following the initial site proposed by Developer; provided, no on-site evaluation will be conducted prior to the receipt of the complete Site Application. Developer acknowledges and agrees that Franchisor providing its site selection guidelines and design specifications and any other site selection assistance to Developer prior to the proposed site being accepted by Franchisor will not create any reliance or expectation damages or liability for Franchisor and such activities will not create any expectations or representations to

Developer that any proposed site will be accepted by Franchisor.

(b) **Site Acceptance.** Franchisor will have 30 days after receipt of the complete Site Application to accept or not accept, at its sole option, each site proposed by Developer. If Franchisor does not respond within the 30-day time period, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's written acceptance of a proposed site, the Developer (or its Affiliate, as Franchisee) will execute within 15 days of such written acceptance a Franchise Agreement and any exhibit thereto designating the Premises as the location of the Makery. No site may be used for the location of the Makery unless it is first accepted by Franchisor. Franchisor may revoke its acceptance of a proposed site if Developer commits a default of this Agreement and fails to cure such default within the applicable cure period, if any. FRANCHISOR'S APPROVAL OF THE PREMISES AND ITS RENDERING OF SITE SELECTION ASSISTANCE, IF ANY, IN THE SELECTION OF THE PREMISES DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY FRANCHISOR, EXPRESS OR IMPLIED, THAT THE MAKERY OPERATED AT THE PREMISES WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL. Franchisor assumes no liability or responsibility for: (1) evaluation of a proposed site's soil for hazardous substances; (2) inspection of any structure on the proposed site for asbestos or other toxic or hazardous materials; or (3) compliance with the ADA and any other Applicable Law. Developer is solely responsible for obtaining satisfactory evidence and/or assurances that the proposed site and any structures thereon are free from environmental contamination and in full compliance with all Applicable Law.

(c) **Development Conditions.** In conjunction with Franchisor's decision to execute each Franchise Agreement, Franchisor may require that Developer and its Principals furnish to Franchisor financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information about Developer, its Principals and each of Developer's Affiliates that is, or may be, involved in the development, ownership or operation of any Makery. All such information must be verified in writing by Developer and its Principals as being true, complete and accurate in all respects. Such information must be submitted to Franchisor promptly upon Franchisor's request and will be relied upon by Franchisor, among other factors, in determining whether to execute this Agreement. Each of the following conditions and approvals must have occurred or be obtained before Developer will have the right to execute each Franchise Agreement. Developer must meet all "Operational," "Financial," "Legal" and "Ownership" conditions, as set forth below, before such rights will become effective:

(1) Operational Conditions: Developer, its Affiliates and Principals must be in full compliance with all provisions of this Agreement and any other agreements (including any Franchise Agreements) between Developer and its Affiliates and Franchisor and its Affiliates. Developer must have opened each Makery in a timely manner as required under the Development Schedule. Developer must have at all times operated, and continue to operate, each of Developer's existing Makeries in accordance with the Standards. Developer further must demonstrate it is capable of operating each proposed Makery required under the Development Schedule in accordance with the Standards.

(2) Financial Conditions: Developer and its Principals must satisfy Franchisor's then-current financial criteria for developers of Makeries as set forth in the Manual. Developer must not be in default, and have not been in default during the 12 months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or Franchisor's Affiliates under any Franchise Agreement or other agreement between Developer or any of its Affiliates and Franchisor or any of its Affiliates. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of Franchisor's developers is financially sound to avoid failure of one or more Makeries and that such failure would adversely affect Franchisor's reputation, the goodwill associated with the Marks and the System.

(3) Legal Conditions: Developer must have prepared or obtained, and submitted to Franchisor upon Franchisor's request, in a timely manner, all information and documents requested by Franchisor in connection with this Agreement or any other agreements to be executed between Developer or any of its Affiliates and Franchisor or any of its Affiliates, and Developer have taken such additional actions in connection therewith as may be requested by Franchisor from time to time.

(4) Ownership Conditions: Neither Developer nor any of its Principals will have transferred or attempted to transfer a Controlling Interest in Developer without Franchisor's prior written consent.

(d) **Franchise and Related Agreements.** Each Franchise to be granted pursuant to this Agreement will be governed by Franchisor's then-current form of Franchise Agreement (including all attachments and related agreements and documents), which Developer (or its Affiliate, as Franchisee) agrees to execute and pay upon execution the Initial Franchise Fee (or, balance of the Initial Franchise Fee, as applicable, as further described in Section 6(a)) due thereunder. Upon Franchisor's approval of Developer's proposed site for each Makery in accordance with Sections 5(a) and 5(b), Developer must execute the Franchise Agreement for each Makery. Concurrently with Developer's execution and delivery to Franchisor of each Franchise Agreement, Developer and its Principals and Affiliates must, except to the extent prohibited by Applicable Law, execute and deliver to Franchisor a general release in form and substance satisfactory to Franchisor, of any and all claims against Franchisor, its Affiliates and its owners, officers, directors, employees, agents, successors and assigns accruing prior to the effective date of the Franchise Agreement, subject to Applicable Law.

(e) **Development by Developer or its Affiliates.** Developer may develop the Makeries through one or more of its Affiliates provided such Affiliate is pre-approved in writing by Franchisor. In such case, (i) the Affiliate will execute the Franchise Agreement and its Principals will execute a Guaranty and Undertaking of Obligations, and (ii) Developer will guaranty the payment and performance of such Affiliate in the form prescribed by Franchisor.

6. AREA DEVELOPMENT FEE.

(a) **Development Fee.** On the Effective Date, Developer will pay to Franchisor the Development Fee described in the Summary Page. The Development Fee is fully earned when paid to compensate Franchisor for expenses incurred during the negotiation and implementation of this Agreement as well as development opportunities lost or deferred as a result of the rights granted to Developer under this Agreement, and is not refundable or recoupable under any circumstances. The Development Fee is due and payable when this Agreement is signed. Upon signing the first Franchise Agreement executed in connection with this Agreement, a portion of the Development Fee will be applied in full satisfaction of the Initial Franchise Fee due under such Franchise Agreement. Thereafter, a portion of the remaining Development Fee will be applied toward 50% of the Initial Franchise Fee due upon the signing of each subsequent Franchise Agreement executed pursuant to the Development Schedule. The Development Fee and all other amounts payable to Franchisor under this Agreement will be in United States Dollars.

(b) **Taxes.** Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by Developer will, in addition, include an amount equal to any and all goods and services taxes, sales taxes or other taxes, assessments or amounts of a like nature imposed on any payments to be made pursuant to this Agreement. Developer agrees to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to Developer.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS.

(a) **Business Entity Developer**.

(1) Developer warrants that it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement; it will furnish such other information about its organization or formation as Franchisor may reasonably request to confirm the same; and the execution and delivery of this Agreement has been duly authorized by it. Developer's company agreements must impose the restrictions against Transfer set forth in Section 11 of this Agreement

(2) If Developer is not publicly traded (*i.e.*, less than 20% of its equity shares that are entitled to participate in the election of its Board of Directors are traded on a national exchange in the United States), it will disclose to Franchisor all Principals holding in excess of 5% of all Equity Interests in Developer and will disclose to Franchisor all beneficial owners, directors, officers, employees or agents of Developer who are government officials. Developer will provide Franchisor with such financial information as Franchisor may periodically request from Developer and each Principal, including copies of unaudited quarterly financial statements and annual financial statements.

(3) If Developer is not publicly traded, each Principal will execute and deliver to Franchisor a Guaranty and Undertaking of Obligations in the form attached hereto as Exhibit C.

(b) **Compliance With Applicable Law**. Developer will be solely responsible for complying with all Applicable Laws in connection with the development and operation of Makeries in the Territory, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of its business, including, without limitation, licenses to do business, sales tax permits, importation of materials, transmission of royalties and all other payments relevant to Developer's performance under this Agreement, environmental and safety and fire clearances. Developer will notify Franchisor in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental authority, which may adversely affect the operation or financial condition of Developer or which may have any materially adverse effect on Franchisor or its Affiliates, the goodwill associated with the Marks and the System or on Makeries generally.

(c) **Anti-Corruption, Anti-Boycott and Anti-Terrorism Laws; Code of Conduct**. Developer and each Principal represents and warrants to Franchisor that: (1) neither Developer nor, to the best of its knowledge after reasonable inquiry, any Principal or any executive officer of Developer is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text available at www.treas.gov/offices/ enforcement/ofac/); (2) neither Developer nor any Principal is directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo; (3) neither Developer nor any Principal acts or will act directly or indirectly on behalf of the government of any country that is subject to a United States embargo; and (4) neither Developer nor any of Principal or executive officers have violated, and Developer will not violate and will cause Developer's Principals and executive officers not to violate, any Applicable Law prohibiting money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text available at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (text available at http://www.treas.gov/offices/enforcement/ofac/legal/eo/13224.pdf), or any similar Applicable Law. The foregoing constitute continuing representations and warranties, and Developer will immediately notify Franchisor in

writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties of this Section 7(c) incorrect, false, inaccurate, or misleading or which constitutes a breach of any of the covenants of this Section 7(c).

In addition, Developer and each Principal will comply with Franchisor's "Code of Conduct" set forth in the Manuals at all times in connection with the development and operation of the Makeries.

(d) **Designated Principal.** Developer will designate an individual to serve as the Designated Principal of the Developer. Developer's first Designated Principal is identified in the Summary Page. The Designated Principal will, at all times, meet the following qualifications:

(1) The Designated Principal will, during the entire period he or she serves as Designated Principal, have authority to make decisions for Developer in connection with Developer's obligations under this Agreement and the relationship with Franchisor.

(2) The Designated Principal will devote his or her energy, best efforts and the time required to supervise and oversee the conduct of the business contemplated by this Agreement.

(3) The Designated Principal will execute the Confidentiality and Non-Compete Agreement attached to this Agreement as Exhibit E. Developer is responsible for Designated Principal's compliance with and will take all reasonable steps to enforce the terms of the Confidentiality and Non-Compete Agreement.

If, at any time or for any reason, the Designated Principal identified in the Summary Page no longer satisfies each of the above qualifications, Developer will promptly designate another Designated Principal who possesses the qualifications listed above.

(e) **Management and Personnel.** At all times throughout the Term, Developer will and will cause its Affiliates (as Franchisee) to hire, train and supervise Personnel sufficient to meet its obligations under this Agreement in accordance with the Standards or otherwise in writing by Franchisor. Developer will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its Personnel preserve good customer relations and fully comply with Applicable Law.

8. RESTRICTIVE COVENANTS.

Developer recognizes that Franchisor has developed and owns the goodwill in the Brand and must protect the Marks, Confidential Information, and System. Developer and its Principals each acknowledges and agrees that the access to and use of Confidential Information authorized by this Agreement are among the consideration for the restrictive covenants set forth in Section 8(a) and are necessary to prevent Franchisor from suffering irreparable harm. THE FOREGOING ACKNOWLEDGMENTS AND AGREEMENTS ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ALLOW DEVELOPER AND ITS PRINCIPALS TO HAVE ACCESS TO AND USE CONFIDENTIAL INFORMATION.

(a) **Non-Compete**. Developer and each of its Principals covenant and agree that during the Term, and for a continuous uninterrupted period of two years following its expiration, termination, or an approved Transfer and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, Developer and each of its Principals, as applicable, will not, without Franchisor's prior written consent, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any Person, firm, partnership, corporation, or other Entity:

(1) Divert or attempt to divert any actual or prospective business or customer of any of the Makeries to any Competitive Business, by direct or indirect inducement or otherwise.

(2) Do or perform directly or indirectly any other act injurious to or prejudicial

to the goodwill associated with the Marks and the System;

(3) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business. During the Term, these restrictions apply to any Competitive Business located within the United States (excluding Developer's Existing Brands). Following the expiration of the Term, termination of this Agreement, or an approved Transfer of this Agreement and with respect to a Principal, following the date the Principal ceases to be a Principal under this Agreement, this restriction will apply to any Competitive Business located (1) within the Territory; (2) at or within three miles of any Buff City Soap Makery then operating or under construction within or outside the United States, except as otherwise approved in writing by Franchisor.

If any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable. If, at any time during the two year period following the expiration, termination, or approved Transfer of this Agreement or the date any Principal ceases to be a Principal under this Agreement, Developer or its Principals fail to comply with its obligations under this Section 8(a), that period of non-compliance will not be credited toward satisfaction of the two-year period.

(b) **Non-Disclosure of Confidential Information**. Developer and each of its Principals each acknowledges that Franchisor may provide Developer and its Principals with Confidential Information that derive value from not being generally known in the industry that are reasonably necessary for the operation of the Makery and that Developer has entered into this Agreement in order to use such Confidential Information to the economic benefit of Developer. Developer agrees that Confidential Information remains the sole property of Franchisor. Franchisor will take reasonable steps to mark as "confidential" or "proprietary" any Confidential Information that it deems as such but the failure to mark such Confidential Information will not cause it to be public information. Developer and each of its Principals will not use, duplicate, or disclose to others any Confidential Information except as expressly authorized by Franchisor in writing and will implement measures to maintain the confidentiality of such Confidential Information that is no less strict than the measures Developer uses with its own confidential information. To the extent that any Confidential Information is to be provided to Developer's advisors, representatives, agents or any Personnel, each of them must use such Confidential Information solely in connection with their respective roles with the Makery or Developer's business and execute a confidentiality and non-disclosure agreement in a form prescribed by Franchisor consistent with the foregoing.

(c) **Ownership**. All Confidential Information furnished or disclosed by Franchisor to Developer or any of its Principal or otherwise obtained by Developer or it Principals is and will remain the property of Franchisor. Any reproductions, notes, summaries or similar documents relating to the Confidential Information, and any files, memoranda, reports, price lists, proprietary information, and other documents relating to the System, will become and remain the Intellectual Property of Franchisor immediately upon their creation and Franchisor will be the sole owner of all right, title and interest in and to such Intellectual Property. Upon expiration or termination of this Agreement, Developer will immediately return all copies of such Confidential Information and Intellectual Property to Franchisor. Developer must promptly reveal to Franchisor any discoveries, inventions, innovations or improvements made by Developer, its Principal, personnel or independent contractors relating to the System, or any Confidential Information. Further, all proprietary interests in any devices, information, know-how, materials, methods, processes and techniques utilizing those discoveries, inventions, innovations and improvements are Franchisor's Intellectual Property.

(d) **Interference with Employees**. Developer acknowledges that it is an independent business and responsible for the control and management of the day-to-day operations of the Makery, its Personnel and the Personnel of its Affiliates (as Franchisee) in the development and operation of the Makeries, including but not limited to the hiring and discharging of Developer's and its Affiliates' Personnel and setting and paying wages and benefits of Developer's and Developer's Affiliates' Personnel. Developer acknowledges that Franchisor has no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Developer and its Affiliates. Developer further acknowledges that none of its Personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever, and no act by Franchisor to protect the Brand including without limitation the System or Marks in any way shifts any employee or employment-related responsibility from Developer to Franchisor.

(e) **Severability and Enforceability of Covenants.** Each of the covenants contained in this Section 8 will be considered separate and independent from each other. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable for any reason, but would be enforceable by reducing or substituting any part of it in accordance with Section 17(b), such covenant will be enforced to the fullest extent permissible under Applicable Law.

9. INDEPENDENT CONTRACTORS.

(a) **Independent Contractors**. It is understood and agreed by the Parties that this Agreement does not create a fiduciary relationship between them; that Franchisor and Developer are and will be independent contractors; and that nothing in this Agreement is intended to make either Party a general or special agent, joint venturer, partner or employee of the other for any purpose. Developer will conspicuously identify itself in all dealings as the owner of development rights granted under an Agreement with Franchisor and will place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as Franchisor may periodically require.

This Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the right to make decisions, take actions and/or refrain from taking actions which are not inconsistent with Developer's explicit rights and obligations hereunder or under Applicable Law and that may affect favorably or adversely Developer's interest. Developer acknowledges and agrees that Franchisor may operate and change the System and Franchisor's business in any manner that is not expressly and specifically prohibited by this Agreement, the Franchise Agreements or Applicable Law. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant Developer a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement or prohibited by Applicable Law, Franchisor may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including its judgment of what is in the best interests of the Buff City Soap franchise network, at the time Franchisor's decision is made, without regard to: (1) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by Franchisor; (2) whether Franchisor's decision or the action it takes promotes its financial or other individual interest; (3) whether its decision or the action it takes applies differently to Developer and one or more other franchisees; or (4) whether Franchisor's decision or the exercise of its rights is adverse to Developer's individual interest or the individual interests of any other particular franchisees. Franchisor will have no liability to Developer for any such decision or exercise of its rights. Without limiting the foregoing, Franchisor will have no obligation to ensure that the Makeries are developed and operated in accordance with Applicable Law and will have no liability in the event Developer's development of the Makeries violates Applicable Law.

(b) **No Liability for Acts of Other Party.** Developer must not employ any of the Marks in signing any contract or applying for any license or permit, or in a manner (other than the use contemplated hereby) that may result in Franchisor's liability for any of Developer's indebtedness or obligations. Except as expressly authorized in writing, neither Franchisor nor Developer will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representations made by the other. Franchisor will not be obligated for any damages to any Person or property directly or indirectly arising out of the operation of Developer's business.

10. INDEMNIFICATION.

DEVELOPER, ON ITS BEHALF AND ON BEHALF OF ITS AFFILIATES AND PRINCIPALS, WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE FRANCHISOR INDEMNITEES AGAINST AND REIMBURSE ANY ONE OR MORE OF THE FRANCHISOR INDEMNITEES FOR ANY AND ALL LOSSES AND EXPENSES ARISING OUT OR FROM OR RELATED TO, ANY CLAIMS, DIRECTLY OR INDIRECTLY, ARISING OUT OR FROM OR RELATED TO: (A) THE DEVELOPMENT, OPERATION OR CLOSING OF ANY MAKERY OWNED AND OPERATED BY DEVELOPER OR ITS AFFLIATES OR PRINCIPALS; (B) ANY BREACH BY DEVELOPER OR ANY PRINCIPAL OF THIS AGREEMENT, OR DEVELOPER'S OR ANY OF ITS AFFILIATES', PRINCIPALS', OR DESIGNATED PRINCIPAL'S BREACH OF ANY OTHER AGREEMENT WITH FRANCHISOR OR ITS AFFILIATES; AND (C) THE MARKETING, PROMOTION OR ADVERTISEMENT OF DEVELOPER'S (OR ANY OF DEVELOPER'S AFFILIATES OR PRINCIPALS') MAKERIES OR PRODUCTS USING ADVERTISING MATERIALS OR CONTENT CREATED BY DEVELOPER, OR THE SALE OF ANY PRODUCTS OFFERED BY DEVELOPER'S (OR ITS AFFILATES' OR PRINCIPALS') MAKERIES, INCLUDING UNFAIR OR FRAUDULENT ADVERTISING CLAIMS (WHETHER IN PRINT ADVERTISING OR ELECTRONIC MEDIA), AND PRODUCT LIABILITY CLAIMS, IN EACH CASE WHERE DEVELOPER DEVIATES FROM OR FAILS TO FOLLOW AND COMPLY WITH THE STANDARDS OR IN CONNECTION WITH PRODUCTS CREATED BY DEVELOPER. FRANCHISOR HAS THE RIGHT, AT ITS OPTION, TO DEFEND ANY SUCH INDEMNIFIED CLAIM AGAINST IT AT DEVELOPER'S SOLE COST AND EXPENSE. IF DEVELOPER DEFENDS ANY CLAIM, IT MAY NOT ENTER INTO ANY SETTLEMENT AGREEMENT OR OTHERWISE RESOLVE OR CONCLUDE THE MATTER WITHOUT FRANCHISOR'S PRIOR WRITTEN CONSENT. THIS INDEMNITY WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO, AND NOTWITHSTANDING, THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL FRANCHISOR OR ANY OTHER FRANCHISOR INDEMNITEES BE REQUIRED TO SEEK RECOVERY FROM ANY INSURER OR OTHER THIRD PARTY, OR OTHERWISE TO MITIGATE ITS OR DEVELOPER'S LOSSES AND EXPENSES, IN ORDER TO MAINTAIN AND RECOVER FULLY AN INDEMNIFIED CLAIM AGAINST DEVELOPER UNDER THIS SECTION 10. ANY FAILURE TO PURSUE SUCH RECOVERY OR MITIGATE A LOSS WILL IN NO WAY REDUCE OR ALTER THE AMOUNTS RECOVERABLE BY FRANCHISOR OR ANOTHER FRANCHISOR INDEMNITEE FROM DEVELOPER UNDER THIS SECTION 10. IN NO EVENT DOES THE INDEMNIFICATION PROVIDED UNDER THIS SECTION 10 COVER OR INCLUDE CLAIMS ARISING FROM OR RELATED TO ADVERTISING MATERIALS OR CONTENT CREATED BY OR FOR FRANCHISOR OR ONE OF ITS AFFILIATES, OR THE NEGLIGENCE OR WILLFUL MISCONDUCT OF FRANCHISOR OR ANY FRANCHISOR INDEMNITEE.

11. TRANSFERABILITY OF INTEREST.

(a) **Transfer by Franchisor.** This Agreement is and any of Franchisor's rights, obligations and interests herein are fully assignable by Franchisor, in whole or in part, without the consent of Developer, and inures to the benefit of any assignee or other legal successor to the interests of Franchisor; if any such assignee expressly agrees to assume Franchisor's obligations under this Agreement, then upon such assumption Franchisor and its Affiliates will be fully released of any and all liabilities hereunder. Franchisor may also assign any or all of its rights, obligations and interests under this Agreement to an Affiliate; sell or encumber its assets, its Marks, or its System to any third party; merge, acquire other Entities, or be acquired by another Entity; engage in a public offering of its securities; engage in a private placement of some or all of its securities; or undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; provided that the assignee or successor to Franchisor's interests under this Agreement will assume all of Franchisor's obligations hereunder. Franchisor may take or perform any such actions without liability or obligation to Developer and Developer expressly waives any claims, demands or damages arising from or related to any or all of the above actions or variations thereof.

(b) **Transfer by Developer**. The rights and duties created by this Agreement are personal to Developer, and that Franchisor has granted rights under this Agreement in reliance upon the business skill, financial capacity and personal character of Developer and its Principals. Accordingly, no Transfer is permitted or authorized without Franchisor's prior written approval, subject to the conditions below.

(c) **Conditions for Approval of Transfer.** If the proposed Transfer by Developer is of this Agreement, Control of Developer or substantially all of its assets, or is one of a series of Transfers (regardless of the time period over which such Transfers occur) which in the aggregate constitute the Transfer of this Agreement or Control of Developer, Franchisor will approve a Transfer only if the conditions set forth in this Section 11(c), as may be amended by Franchisor from time to time, are met prior to or concurrently with the proposed effective date of the Transfer:

(1) Developer (and its Principals if Developer is not publicly traded) has paid the Development Fee and other amounts owed to Franchisor and its Affiliates

(2) Developer has submitted all required documents, information statements and data and otherwise are in full compliance with this Agreement as of the date Developer requests for approval of the Transfer and as of the effective date of the Transfer.

(3) Developer and its Affiliates Transfer to transferee all Franchise Agreements and all existing Makeries developed and operated by Developer and its Affiliates under this Agreement and the Franchise Agreements in accordance with the conditions for approval of Transfer set forth in such Franchise Agreements.

(4) The proposed transferee (and its direct and indirect owners): (i) have sufficient business experience, aptitude, assets and financial resources to develop and operate the Makeries; (ii) are individuals that meet Franchisor's Makeries then-applicable Standards for Makery developers and operators; (iii) are not engaged and will not engage in the operation or ownership of a Competitive Business, and will engage only in the development and operation of the Makeries; and (iv) will cooperate with reasonable due diligence requests made by Franchisor promptly thereafter and if additional time is reasonably needed, then prior to the proposed effective date of the Transfer.

(5) The transferee and each of its owners as specified by Franchisor will provide Franchisor with a business plan for the Makeries acceptable to Franchisor.

(6) The transferee and each of its owners as specified by Franchisor will agree to be bound by all of the terms and conditions of Franchisor's then-current form of area

development agreement and sign the ancillary agreements and documents Franchisor requires for Makery franchisees and any principal.

(7) Developer or the transferee pays to Franchisor a Transfer Fee in connection with the Transfer.

(8) Developer (and its transferring Principals if Developer is not publicly traded) and Franchisor have executed a general release, in form satisfactory to Franchisor, releasing Franchisor Indemnitees from any and all claims arising out of the development and operation of the Makeries, excluding claims related to the development of the Makery by Developer or any Principal which have not been expressly assumed by the transferee and its owners and those claims which cannot be released under Applicable Law.

(9) Developer and each Principal must have complied with any other conditions that Franchisor reasonably requires from time to time as part of its transfer policies, provided that such conditions will not be more stringent than any conditions otherwise imposed on new developers signing the then-current area development agreement.

(d) **Effect of Franchisor's Consent**. Any Transfer without Franchisor's consent constitutes an Event of Default rendering such Transfer void and of no effect. Franchisor's consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between Developer and the transferee, a guarantee of the prospects of success of the Makeries or transferee, or a waiver or release of any claims Franchisor may have at any time against Developer (or its Principals) or of its right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

(e) **Transfer Upon Death or Permanent Disability**. If any Principal that holds a Controlling Interest in Developer dies or becomes Permanently Disabled and Franchisor determines that such death or disability adversely affects the development of the Makeries required by this Agreement, such Principal's executor, administrator, or other personal representative must Transfer such Principal's interest in this Agreement or his or her interest in Developer (including Transfer by bequest or inheritance) to a third party approved by Franchisor in accordance with Section 11(c) within a reasonable period of time, not to exceed six months from the date of death or Permanent Disability. A failure to Transfer the interest of any such Principal in this Agreement or the Controlling Interest in Developer within this period of time in accordance with the foregoing constitutes an Event of Default.

(f) **Securities**. Developer will be permitted to engage in the public and/or private issuance of stock, notes, bonds and other securities during the Term, provided that such issuance of securities are in compliance with all Applicable Law in effect at the time of such issuance; prior to offering for sale such stock, notes, bonds or other securities, Developer secures Franchisor's written approval, which consent will not be unreasonably withheld; and Developer pays the Offering Fee to Franchisor. Developer further must secure Franchisor's consent to any and all press releases, news releases and any and all other publicity, the primary purpose of which is to confirm the description of the relationship between Franchisor and Developer is true, accurate and complete in Developer's offering. Only after Franchisor has provided its written approval may Developer proceed to file, publish, issue and release and make public any said data, material and information regarding the securities offering. Developer will not imply that Franchisor is participating in the underwriting, issuance or offering of such securities. Developer acknowledges and agrees that any review by Franchisor is solely for its own information and its approval does not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either expressly or implied. Developer may make no oral or written notice of any kind whatsoever indicating or implying that Franchisor and/or its Affiliates have any interest in the relationship whatsoever to the proposed securities offering other than acting as Franchisor. Developer will indemnify, defend and hold the Franchisor Indemnitees harmless from all Losses and Expenses arising from Developer's offering oR

information published or communicated by Developer in connection with such offering.

12. DEFAULT AND TERMINATION.

The occurrence of any of the following will adversely and substantially affect the interests of Franchisor and will be deemed an Event of Default constituting just cause for exercising any of the remedies set forth herein.

(a) **Termination for Events of Default.** Franchisor may terminate this Agreement upon delivery to Developer of Notice as a result of the occurrence of any of the following Events of Default and Developer's failure to cure such Event of Default within the cure period described below, if any, and absent a cure period, immediately upon Franchisor's Notice to Developer:

(1) Developer fails to comply with the Development Schedule during any Development Period pursuant to Section 4 and Exhibit A of this Agreement and fails to cure such default within 30 days after Notice of such Event of Default is delivered to Developer.

(2) Developer fails to pay any fees or other amounts due hereunder to Franchisor within five days after Notice of nonpayment is delivered to Developer.

(3) Developer (or any of its Principals or Affiliates) has made any material misrepresentation or omission in connection with this Agreement that negatively impacts Franchisor.

(4) Developer or any of its Principals is or has been held liable or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which Franchisor believes will, if continued, materially and adversely affect the reputation of the Brand, the Makeries, any other Buff City Soap makeries or the goodwill associated with Marks.

(5) Developer (or any of its Principals or Affiliates) makes an unauthorized Transfer pursuant to Section 11.

(6) Developer (or any of its Principals or Affiliates) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Manuals in violation of this Agreement, Developer or any of its Affiliates or any of its or their principals or managers makes any unauthorized use of the Marks or any unauthorized use or disclosure of Trade Secrets or Confidential Information, or Developer or any of its Principals otherwise engages in conduct that materially and adversely affects the reputation of the Makeries or the goodwill associated with the Marks.

(7) Developer or any of Developer's Principals fails to comply with or perform its covenants, representations and warranties in this Agreement within 30 days after Notice of such Event of Default is delivered to Developer, including without limitation the representations, warranties and covenants set forth in Section 7 and the restrictive covenants against competition set forth in Section 8.

(8) Franchisor has delivered a Notice of termination of a Franchise Agreement with Developer or any of its Affiliates (as Franchisee) in accordance with its terms and conditions.

(9) Developer fails to pay when due any income, withholding, service, sales or any other applicable taxes due on the Makery's operations, unless it is in good faith contesting its liability for such taxes and has effectively stayed the enforcement of liability for such taxes.

Without limiting the foregoing, Franchisor may terminate this Agreement for failure by Developer (or any of its Principals) to comply with any other provision of this Agreement including without limitation the representations and warranties contained in this Agreement, the Manuals or any Standards material to development of the Makeries within

30 days after Notice of such Event of Default is delivered to Developer.

(b) **Termination for Repeated Default.** This Agreement will terminate immediately upon delivery of Notice to Developer if an Event of Default occurs with respect to Developer (or any of its Principals) on three or more separate occasions within any period of 12 consecutive months of any Event of Default under Section 12(a), whether the same or different Events of Default and whether or not such failures are corrected after Notice of such failure is delivered to Developer.

(c) **Termination for Insolvency.** This Agreement will automatically terminate upon any of the following: if any bankruptcy proceeding is commenced by or against Developer (or any Affiliate or Principal), Developer makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; the Makery is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days after Notice from Franchisor; or any order appointing a receiver, trustee or liquidator of Developer or the Mkaery is not vacated within 30 days following the entry of such order.

(d) **Termination for Violation of Applicable Law.** This Agreement will terminate immediately upon delivery of Notice to Developer if Developer (or any of its Principals or Affiliates) violates any Applicable Law or has any necessary license or certification revoked or suspended in whole or in part.

13. EFFECT OF TERMINATION, EXPIRATION OR NONRENEWAL.

Upon expiration or earlier termination of this Agreement:

(a) **Payment of Amounts Owed.** Developer will pay to Franchisor within 15 days after the effective date of expiration or termination of this Agreement, or on such later date that the amounts due are determined, such fees, interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates under this Agreement which are then unpaid. If this Agreement is terminated by Franchisor following the occurrence of an Event of Default and Developer's failure to cure within any applicable cure period, or if Developer delivers Notice of termination of this Agreement to Franchisor other than as a result of a material default by Franchisor (notwithstanding the absence of any right of termination hereunder otherwise), Developer will within 30 days following the effective date of such termination pay Franchisor in a single lump sum payment, as liquidated damages and not as a penalty, an amount equal to the balance of the Initial Franchise Fee for each then remaining undeveloped Shop under this Agreement. Developer's payment of such liquidated damages will be Franchisor's sole remedy for money damages under this Agreement for Developer's failure to satisfy the Development Schedule. Developer acknowledges and agrees that the liquidated damages provided for in this Section 13(a) are a fair and reasonable approximation of the amount of damages sustained by Franchisor. Except in connection with Developer's failure to satisfy the Development Schedule, payment to Franchisor of such liquidated damages will not excuse performance of Developer's post-termination obligations hereunder or preclude Franchisor from pursuing other remedies available to Franchisor for other Events of Default under this Agreement, at law or in equity, or from recovering its attorneys' fees and costs in accordance with Section 15(h) hereof.

(b) **Marks**. Developer may not directly or indirectly at any time or in any manner use any Mark, including any use of Marks in a derogatory, negative, or other inappropriate manner in any media, including, but not limited to, print or electronic media; use any colorable imitation of a Mark in any manner or for any purpose; utilize for any purpose any trade name, trade or service mark or other commercial symbol or other indicia that indicates or suggests a connection or association with Franchisor or the Makery; identify any

business as a former Makery; or identify itself as one of Franchisor's licensees or franchisees (except with respect to other Makeries Developer or its Affiliate owns and operates under continuing agreements with Franchisor). Developer will take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Mark.

(c) **System and Manuals**. Developer will immediately cease to use the System and Confidential Information in any business or otherwise; and return to Franchisor all copies of the Manuals and any other proprietary or confidential materials that Franchisor has loaned to Developer.

(d) **Restrictive Covenants and Continuing Obligations**. Developer will comply with the restrictive covenants set forth in this Agreement. Developer's (and its Affiliates' and its Principals') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until such obligations are satisfied in full or by their nature expire.

14. FORCE MAJEURE AND CRISIS MANAGEMENT EVENTS.

(a) **Force Majeure**. Neither Franchisor nor Developer will be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform obligations results from a Force Majeure Event. Any delay resulting from any Force Majeure Event will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable in the judgment of the Party to whom performance is owed. Developer or Franchisor will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement required to prevent the waiver by Franchisor of its rights under this Agreement. If the Parties are not able to agree on such amendments within 60 days and if suspension of performance continues, Franchisor may terminate this Agreement immediately by giving written Notice to Developer and neither Party will have any further obligation hereunder, In no event will Developer's inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse Developer from the prompt payment of any fee or other payment due to Franchisor pursuant to this Agreement..

(b) **Crisis Management Events**. Developer must notify Franchisor within 24 hours of the occurrence of any Crisis Management Event by the method periodically specified in the Manuals or otherwise in writing, comply with Franchisor's instructions and fully cooperate with Franchisor's instructions in response to the Crisis Management Event. Failure to notify Franchisor within the required time period is a material breach of this Agreement.

15. GOVERNING LAW; DISPUTE RESOLUTION.

(a) **Non-Binding Mediation**. Before any Party may bring an action or commence a proceeding against the other, the Parties must first meet to mediate the dispute (except for controversies, disputes or claims related to or based on improper or unauthorized use of the Marks or breach of the covenants and obligations set forth in Section 8(a) or Section 8(b) in Dallas, Texas or such other location agreed upon by the Parties. Any such mediation will be non-binding and will be conducted by the International Institute for Conflict Prevention & Resolution in accordance with its then-current rules for mediation of commercial disputes.

Notwithstanding anything to the contrary, this Section 15 will not bar either Party from

obtaining injunctive relief pursuant to Section 15(c)(5) against threatened conduct that will cause it to incur Losses and Expenses, under the usual equity rules, including the applicable rules for obtaining restraining orders and injunctions, without having to engage in mediation. In addition, this Section 15(a) will not apply to any claim or dispute relating to Developer's failure to pay fees or other amounts owed to Franchisor under this Agreement. Franchisor and Developer will each bear their own costs of mediation, and each will bear one-half the cost of the mediator or mediation service.

(b) **Governing Law**. This Agreement will be governed by and interpreted according to the laws (exclusive of the conflicts of laws rules) of the State of Texas applicable to contracts entered into in Texas, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the Parties' relationship established by this Agreement, and the Parties. By agreeing to the application of Texas law, the Parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the Parties' relationship otherwise would not be subject. To the extent that this Agreement or the Parties' relationship otherwise would not, but for this Texas choice-of-law provision, be subject to such statutes, this Section 15 does not constitute a waiver of any statutory rights or remedies. Franchisee, its Principals and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section 15(b) provides each of the Parties with the mutual benefit of uniform interpretation of this Agreement and the Parties' relationship created by this Agreement. Developer, its Principals and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

(c) **Arbitration**.

(1) Claims Subject to Arbitration. Subject to Paragraph 15(c)(2), the Parties agree that all controversies, claims, or disputes between Franchisor and Developer arising out of or relating to the following (each, an "Arbitrable Claim") will be finally resolved by binding arbitration in accordance with Section 15(c)(4):

(A) this Agreement or any other agreement between Franchisor and Franchisee or any of its Affiliates or Principals;

(B) the relationship between Developer and Franchisor;

(C) the scope and validity of this Agreement or any other agreement between Franchisor or its Affiliates and Developer or any of its Affiliates or Principals, specifically including all disputes regarding the scope, validity or existence of this arbitration agreement, except that Franchisor and Developer intend for the court to address the applicability and scope of the exceptions found in Section 15(c)(2)(A); and/or

(D) the offer or sale of the franchise opportunity.

(2) Exception of Claims Subject to Arbitration. Franchisor and Developer recognize and agree that certain claims of Franchisor may not be best suited to determination through arbitration and agree that Franchisor, at its sole option, may bring the following types of claims, cases, disputes and causes of action either in court or in arbitration:

(A) Claims seeking injunctive or other equitable relief to enforce provisions of this Agreement, including without limitation claims for infringement of Franchisor's intellectual property, violation of the confidentiality provisions of Section 8(b), or breach of the non-competition provisions of Section 8(a), provided however that non-equitable claims joined with any injunctive claims must be heard separately in arbitration, and that regardless of the forum, any injunctive relief may be given without the necessity of Franchisor posting bond

or other security and any such bond or other security is hereby waived; further, Developer acknowledges that the termination of any litigation for injunctive or other equitable relief will not bar Franchisor from asserting non-equitable claims in an arbitration involving the same parties or causes of action;

(B) Claims seeking relief of any kind with respect to Developer's violation of any health or safety law; and/or

(C) Claims, including claims by an affiliate of Franchisor, seeking recovery or any other remedy based on Developer's failure to pay any moneys due under this Agreement, any agreement with an affiliate of Franchisor, or any unpaid invoices owed to an affiliate of Franchisor when due.

For resolution of any claim that is not subject to mandatory arbitration under Section 15(c)(1), such claim will be resolved in the Chosen Forum in accordance with Section 15(d).

(3) No Class Action. No party except Franchisor (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and Developer (including where applicable the immediate family members, owners, heirs, executor, successors, assigns, shareholders, partners, and guarantors (as applicable) may join in or become a party to any arbitration proceeding arising under or related to this Agreement or any other agreement between Franchisor and Developer, the relationship between Franchisor and Developer, the scope and validity of this Agreement or any other agreement between Franchisor and Developer, specifically including whether any specific claim is subject to arbitration at all (i.e. arbitrability questions) and/or the offer or sale of the franchise opportunity; and further, the arbitrator will not be authorized to permit any person or entity that is not a party to this Agreement or identified in this paragraph to be involved in or to participate in any arbitration conducted pursuant to this Agreement. No matter how styled by the party bringing the claim, any claim or dispute is to be arbitrated on an individual basis and not as a class action or representative action and further, no claim may be consolidated or joined. **DEVELOPER EXPRESSLY WAIVES ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY**. Any question regarding the interpretation or enforceability of this prohibition on class-wide or representative arbitration will be resolved by a court of competent jurisdiction, and not the arbitrator.

(4) Binding Arbitration in Dallas, Texas. Subject to the provision for temporary injunctive relief pending arbitration contained in Section 15(c)(5), all Arbitrable Claims will be finally resolved by binding arbitration in accordance with the CPR Rules for Non-Administered Arbitration (the "CPR Rules") then currently in effect. All Arbitrable Claims will be decided by one arbitrator chosen from the Panels of Distinguished Neutrals maintained by the International Institute for Conflict Prevention & Resolution ("CPR") in accordance with Rules 5.3 and 6 of the CPR Rules. Unless otherwise agreed in writing, any arbitrator chosen to decide an Arbitrable Claim will be a current or former practicing attorney or judge; have at least ten years of experience in litigation, arbitration, and/or mediation of commercial disputes; and have prior experience as an arbitrator of at least three manufacturer/dealer or franchisor/developer disputes. Each Party will be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules. The place of arbitration will be Dallas, Texas unless otherwise agreed in writing. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the "FAA"). It is expressly understood and agreed that arbitration proceedings under this Agreement are subject to the confidentiality provisions of Section 8(b) of this Agreement.

(5) Temporary Injunction Relief Pending Arbitration. The Parties to this Agreement understand, acknowledge, and agree that the CPR Rules specifically contemplate the availability of interim measures to preserve the status quo and/or prevent irreparable injury pending arbitration. The Parties expressly understand and agree that the advance notice

requirements provided for in this Agreement, with respect to termination or amendment provide sufficient opportunity for a Party challenging any termination or amendment of this Agreement to seek interim measures (including the arbitral equivalent of a temporary restraining order, preliminary injunction, or other equitable relief) in arbitration pursuant to the binding arbitration provisions of Section 15(c)(4). By seeking or obtaining a temporary restraining order, preliminary injunction, or other equitable relief pending arbitration pursuant to the provisions of this Section 15(c)(5), a Party is not relieved of its obligation to have the merits of an Arbitrable Claim decided in accordance with the binding arbitration provisions of Section 15(c)(4).

(6) Enforcement of Arbitration Awards. Judgment upon the award rendered by the arbitrator(s) in any arbitration between the Parties may be entered by any court of competent jurisdiction.

(7) Contingency. If for any reason the binding arbitration provisions of this Agreement are not enforceable, the exclusive forum for resolution of any otherwise Arbitrable Claims will be the United States District Court for the Northern District of Texas, Dallas Division except that, if the federal court lacks subject matter jurisdiction, the forum will be the District Court of Dallas County, Texas. The provisions of this Section 15(c)(7) will not apply to any claim for temporary injunctive relief pending arbitration filed pursuant to Section 15(c)(5) above.

(d) **Consent to Jurisdiction and Venue**. To the extent that this Agreement permits or requires litigation, the Parties hereby irrevocably submit to the exclusive jurisdiction provision of Section 15(c)(7) (the "Chosen Forum"). By execution and delivery of this Agreement, each Party hereby irrevocably waives, to the fullest extent it may effectively do so, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. By execution and delivery of this Agreement, each Party hereby agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the Chosen Forum or that the Chosen Forum is not a convenient forum. Franchisor and Developer agree that a final judgment (as to which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such action or proceeding will be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

(e) **Limitations of Claims**. Any and all claims arising out of or relating to this Agreement or the relationship among the Parties will be barred unless a judicial or arbitration proceeding is commenced within two years from the date on which the Party asserting such claim knew or should have known of the facts giving rise to such claims.

(f) **Limitation on Damages**. Except with respect to (1) Developer's obligation to indemnify the Franchisor Indemnitees pursuant to Section 10, (2) claims for Developer's disclosure of Confidential Information in Section 8(b); and (3) payment or recovery of liquidated damages described in Section 13(a), FRANCHISOR AND DEVELOPER WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, SPECIAL AND CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND DEVELOPER, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY DIRECT OR GENERAL DAMAGES THE PARTY SUSTAINS.

(g) **Rights of Parties Are Cumulative**. Except as otherwise expressly provided in this Agreement, Franchisor's and Developer's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by Applicable Law to enforce.

(h) **Costs and Legal Fees**. If Franchisor incurs expenses in connection with the

Developer's failure to pay when due any monies owed, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Developer will reimburse Franchisor for any of the costs and expenses which it reasonably incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees to enforce such provisions of the Agreement.

(i) **WAIVER OF JURY TRIAL**. THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR OR DEVELOPER.

(j) **Material Inducement for Franchisor**. DEVELOPER AND ITS PRINCIPALS EACH EXPRESSLY ACKNOWLEDGES AND AGREES THAT THIS SECTION 15 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 15 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT.

16. NOTICES.

All Notices required or permitted under this Agreement will be deemed given (1) when delivered by hand; (2) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; or (3) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (4) upon delivery by a nationally-recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth in the Summary Page.

17. MISCELLANEOUS.

(a) **Severability; Substitution of Valid Provisions**. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion thereof, will be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination will not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, Developer and Franchisor agree that it will be enforced to the fullest extent permissible under Applicable Law and public policy. If any Applicable Law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause," or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law will be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable under Applicable Law, Franchisor has the right, at Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

(b) **Effect of Delay, Waiver, Omission or Forbearance**. No delay, waiver, omission or forbearance by Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or its Principals under this Agreement will constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or its Principals, or as to subsequent breach or default by Developer or its Principals. Subsequent acceptance by Franchisor of any payments due to it hereunder will not be deemed to be a waiver by Franchisor of any

preceding breach by Developer or its Principals of any terms, provisions, covenants or conditions of this Agreement.

(c) **Binding Effect**. This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns and successors in interest and will not be modified except by a written agreement signed by both Developer and Franchisor.

(d) **Disclaimer of Warranties**. Each Party hereby acknowledges that neither the other Party nor its agents or representatives have made any promises, representations, guarantees nor warranties of any nature concerning actual or potential sales or profits of a Buff City Soap makery or that the licensed Makeries to be established and operated by Developer or its Affiliate, as Franchisee, hereunder will be successful or profitable. Developer and its Principals represent and acknowledge that they are not relying upon any information, promise, representation, guaranty, or warranty by Franchisor in entering into this Agreement other than those set forth in this Agreement (including its exhibits, addenda, and attachments). Developer and its Principals expressly waive any claim of negligent misrepresentation or omission. Each Party further represents to the other that it has independently reviewed and evaluated the business to be conducted by Developer under this Agreement, and the decision to enter into this Agreement was made solely in reliance upon such independent evaluation.

(e) **Receipt of Disclosure.** Developer acknowledges that it has received as one document at one time, either personally or by registered mail, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete franchise disclosure document not less than 14 days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by or on behalf of Developer relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under Applicable Law).

(f) **Entire Agreement.** This Agreement (including its exhibits, addenda, and attachments) constitutes the entire agreement between the Parties, and supersedes any and all prior or contemporaneous negotiations, discussions, understandings, or agreements. There are no other oral or written understandings or agreements between Franchisor and Developer relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document furnished to Developer.

(g) **Construction**. The preambles and exhibits are a part of this Agreement. Except for the third party beneficiary rights of Franchisor Indemnitees to enforce the terms and conditions of the general release executed pursuant to Section 5(d) and their respective rights under Sections 10, 11(c)(8) and 11(f) of this Agreement, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any Person not a party to this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

(h) **Headings**. The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

(i) **Multiple Copies**. This Agreement may be executed in multiple copies, each of which will be deemed an original.

(j) **Conflicting Provisions**. The parties will strive to ensure that there is no conflict between this Agreement and the terms of any Franchise Agreement. If the parties agree to enter in a Franchise Agreement with provisions that conflict with the Agreement, the parties will simultaneously amend this Agreement to be consistent with the Franchise Agreement.

18. PUBLIC ANNOUNCEMENTS.

No public communication, press release or announcement regarding this Agreement, the transactions contemplated hereby, any Franchise Agreement or Crisis Management Event will be made by Developer without Notice to Franchisor and Franchisor's prior approval of such communication, press release or announcement. Developer will not disclose the substance of this Agreement to any third party except Developer's employees, consultants, attorneys and accountants and except as necessary to obtain a lease or renewal or obtain any permit, license or other approvals, or to the extent required by the lawful order of any court of competent jurisdiction having jurisdiction over Developer or for any public disclosure otherwise required by Applicable Law.

[*Signature page follows*.]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:	**DEVELOPER:**
Buff City Soap Franchising, LLC	**[_____]**
By:_____	By:_____
Printed Name: _____	Printed Name:_____
Title:_____	Title:_____

BUFF CITY SOAP FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT A

I. FRANCHISOR'S APPROVAL OF DEVELOPER'S EXISTING BRANDS

In accordance with the restrictive covenants in Section 8(a) and the definition of Competitive Business in Section 1(f) the following Existing Brands operated by Developer and/or its Affiliates are deemed excluded from Competitive Business:_____

_____

_____

Franchisor hereby approves the continued operation of the above-named brands existing as of the Effective Date and acknowledges that Developer may continue to develop additional units of the above-named existing brands anywhere during the Term of the Agreement without any obligation to Franchisor.

II. DEVELOPMENT SCHEDULE

Development Period	Commencement	Expiration	Balance of Initial Franchise Fee Due Upon Execution of Franchise Agreement	Cumulative Makeries That Must Be Open and Operating at the Expiration of Each Development Period
1	Effective Date			
2				
3				

BUFF CITY SOAP FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT B

ORGANIZATIONAL AND OWNERSHIP INFORMATION

Developer is a _____, organized on _____, ___ under the laws of the State of _____. Its Federal Identification Number is _____. It has not conducted business under another name. The following is a list of Developer directors and officers as of the Effective Date. Capitalized terms not defined in this Exhibit B have the meanings given in the Area Development Agreement dated _____ between Developer and Franchisor.

Name	Position(s) Held

Developer represents and warrants to Franchisor that all Equity Interests in Developer are disclosed in this Exhibit B. Developer will disclose to Franchisor such additional information as Franchisor may periodically request concerning all Persons having an Equity Interest in Developer. As of the Effective Date:

Name	Mailing Address	% of Equity Interest

EXHIBIT C

GUARANTY AND UNDERTAKING OF OBLIGATIONS

This GUARANTY AND UNDERTAKING OF OBLIGATIONS ("Guaranty") is given to Franchisor, by each of the undersigned as a Principal of Developer, in consideration of and as an inducement to the execution of the attached Area Development Agreement, including any exhibits and amendments thereto ("Agreement") by and between Franchisor and Developer. Capitalized terms not defined in this Guaranty and Undertaking of Obligations have the meanings given in the Agreement.

Principal hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term and afterward as provided in the Agreement, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement.

Principal represents that each and every representation of Developer made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned Principal(s)' execution of this Guaranty and Undertaking of Obligations.

Principal acknowledges that it is included in the term "Principal" as described in Section 1(ww) of the Agreement and without limiting any guarantee of Developer's obligations under the Agreement, makes all covenants, representations, warranties and agreements of Principals set forth in the Agreement and is obligated to individually perform thereunder for so long as Principal qualifies as a Principal and thereafter to the extent expressly provided by the terms of the Agreement, including without limitation the representations, warranties and covenants described in the following sections of the Agreement: Section 7 (Representations, Warranties and Covenants), Section 8 (Restrictive Covenants), Section 10 (Indemnification), Section 11 (Transfer) and Section 15 (Governing Law; Dispute Resolution).

Principal hereby unconditionally agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities.

Principal consents and agrees that it will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so.

Principal consents and agrees that such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other Person and waives any right it may have to require that an action be brought against Developer or any other Person as a condition of its liability. Principal further waives protest and notice of default, demand for payment or nonperformance or any obligations guaranteed, and any and all other notices and legal or equitable defenses to which Principal may be entitled in its capacity as guarantor.

Principal consents and agrees that such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may periodically grant to Developer 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term.

Principal waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned's execution of and performance under this Guaranty.

This Guaranty and all claims arising from, under or with respect to the relationship between Franchisor and Principal(s) will be interpreted, enforced and governed by the laws of Texas (without regard to Texas conflicts of law rules).

Principal further acknowledges and agrees as follows:

(a) he has read the terms and conditions of the Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to Franchisor's execution of the Agreement, and Franchisor would not have granted such rights without the execution of this Guaranty by each of the undersigned;

(b) This Guaranty will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

(c) This Guaranty will continue and will be enforceable notwithstanding any change in the name or the constitution of Franchisor or Developer.

Principal represents and warrants that the following is a complete and accurate list of all Principals of Developer and a full description of the nature and extent of each Principal's Equity Interest in Developer. Developer, and Principal as to its Equity Interest, represents and warrants that Principal is the sole and exclusive legal and beneficial owner of its Equity Interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Guaranty.

IN WITNESS WHEREOF, each of the undersigned has affixed its signature as of the date shown above.

PRINCIPAL:	**EQUITY INTEREST**
By:_____ Printed Name:_____ Title:_____	____%
By:_____ Printed Name:_____ Title:_____	____%
By:_____ Printed Name:_____ Title:_____	____%

BUFF CITY SOAP FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT D

FRANCHISE AGREEMENT

BUFF CITY SOAP FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT E

DESIGNATED PRINCIPAL'S
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

_____, a company with an address at _____ ("Developer"), for itself and on behalf of Franchisor, its franchisor pursuant to the ADA dated _____ between Developer and Franchisor, and _____, an individual having an address at _____ ("**Designated Principal**" or "**you**"), hereby enter into this Confidentiality and Non-Compete Agreement (this "Agreement"), effective as of _____, ("**Effective Date**") and agree as follows:

All defined terms used in this Agreement and not otherwise defined will have the meanings set forth in Attachment E-1.

A. Confidentiality.

(1) Developer and Designated Principal, for their mutual benefit, desire to have Franchisor disclose to Designated Principal certain Confidential Information Purpose.

(2) Confidential Information means any and all information, knowledge, know-how, trade secrets, trade dress, methodologies, techniques, procedures, applications and materials, in whatever form, used in or related to the System which Franchisor provides to Developer, or which Developer or its Affiliates or its employees develop or have access to, in connection with this Agreement or the operation of a Makery hereunder, including, without limitation, the Standards; the Manuals; any component ingredients, formulae and recipes applicable to Products; Franchisor's or its Affiliates product sourcing, pricing, manufacturing, inventory management and control, supply and distribution; technology, point of sale and related computer software; advertising, marketing and promotional programs including gift card, loyalty and customer reward programs; customer data; financial data and statements; training and operational methodology, content (including without limitation, inventory and financial controls) and management programs and any other information or data regarding the business of Franchisor or any of its Affiliates that would reasonably be considered the proprietary or confidential information of Franchisor or its Affiliates ("**Confidential Information**"). Confidential Information may be in any form or medium, tangible or intangible, and may be communicated in writing, orally, or through visual observation.

(3) For the duration of Designated Principal's employment with Developer and at all times thereafter, Designated Principal will use Confidential Information solely for the Purpose, will not disclose such Confidential Information to any third parties without Franchisor's consent and will reproduce Confidential Information only to the extent essential to fulfilling the Purpose.

(4) Designated Principal must notify Franchisor immediately upon discovery of any unauthorized use or disclosure of any Confidential Information, or any other breach of the ADA by Designated Principal or any representative of Designated Principal, and will cooperate with Franchisor in every reasonable way to help Franchisor regain possession of its Confidential Information and prevent its further unauthorized use or disclosure.

(5) The covenants of confidentiality set forth in this Agreement will apply after the Effective Date to all Confidential Information disclosed to Designated Principal before and after the Effective Date.

(6) Upon Franchisor's request, Designated Principal will either return to Franchisor all Confidential Information or, at Franchisor's option, will certify to Franchisor that all media containing Confidential Information have been destroyed. Provided, however, that an archival copy of the Confidential Information may be retained in the files of Designated Principal's counsel solely for the purpose of proving the contents of the Confidential Information.

(7) The foregoing restrictions on Designated Principal's use or disclosure of Confidential Information will not apply to Confidential Information that Designated Principal can demonstrate: a) was independently developed by or for the Designated Principal without reference to the Confidential Information, or was received without restrictions; b) has become generally available to the public through no wrongful act or breach of confidentiality obligations by the Designated Principal; c) was in the Designated Principal's possession without restriction or was known by the Designated Principal without restriction at the time of disclosure; or d) is required by a court order to be disclosed; provided, however, that the Designated Principal has given Franchisor prompt notice of such demand for disclosure, has taken reasonable steps to enable Franchisor to seek to protect the confidentiality of the Confidential Information required to be disclosed and will disclose only that part of the Confidential Information which, in the written opinion of her legal counsel, it is required to disclose.

(8) As between the parties, all Confidential Information will remain the property of Franchisor. By disclosing Confidential Information or executing this Agreement, Franchisor does not grant any license, explicitly or implicitly, under any trademark, patent, copyright, mask work protection right, trade secret or any other intellectual property right. Further, any Confidential Information provided by Franchisor hereunder is provided "AS IS" and no warranties are made by Franchisor regarding such Confidential Information.

(9) Execution of this Agreement and the disclosure of Confidential Information pursuant to this Agreement do not constitute or imply any commitment, promise, or inducement by Franchisor to make any purchase or sale, or to enter into any additional agreement of any kind. Moreover, unless otherwise specifically agreed in writing, any knowledge or information which Designated Principal discloses to Franchisor will not be deemed to be proprietary or confidential and will be acquired by Franchisor free from any restrictions; however, no license under any applicable patent(s) of Designated Principal will be granted or implied.

(10) Franchisor's failure to enforce any provision, right or remedy under this Agreement will not constitute a waiver of such provision, right or remedy.

(11) This Agreement and performance hereunder will be interpreted, enforced and governed by the laws of the location in which Designated Principal's services are performed, without regard to such state's conflicts of laws rules.

(12) Designated Principal acknowledges that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered and incurred by Franchisor as a result of Designated Principal's breach of this Agreement. Therefore, Designated Principal agrees that if Designated Principal violates or threatens to violate this Agreement, Franchisor, in addition to any other remedies it may have at law or equity, will be entitled to a restraining order, injunction, or other similar remedy in order to enforce the provisions of this

Agreement. In the event Franchisor should seek an injunction hereunder, Designated Principal hereby waives any requirement for the submission of proof of the economic value of any Confidential Information or the posting of a bond or any other security. Designated Principal will bear all costs and expenses, including legal fees and costs, incurred by Franchisor in enforcing the provisions of this Agreement.

B. Competition.

For so long as you are Developer's Designated Principal under the ADA and for a period of two years from disassociation with Developer or date ceasing to be Developer's Designated Principal, you will not, either directly or indirectly, individually or through, on behalf of, or in conjunction with any other person:

(1) Own, maintain, operate, be employed by, engage in, franchise, lease property to, advise, help, make loans to, or have any interest in, either directly or indirectly, any Competitive Business

(2) Divert or attempt to divert any actual or prospective business or customer of the Makery to any Competitive Business, by direct or indirect inducement or otherwise; or

(3) Do or perform, directly, any or indirectly, any other act injurious to or prejudicial to the goodwill associated with the Marks and the System

The above covenants apply exclusively in the Territory and the United States of America during the time that you serve as Developer's Designated Principal and within three miles of any then-existing Makery for the two-year period following the date you cease to be Developer's Designated Principal.

If all or any portion of this Agreement is held unreasonable or unenforceable by a tribunal, court or agency having valid jurisdiction in an unappealed final decision to which Developer is a party, you agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by applicable law. If any portion of the restrictions contained in this Agreement are held to be unreasonable, arbitrary or against public policy by any tribunal, court or agency having valid jurisdiction, then the restrictions will be considered divisible, both as to time and to the geographical area, with each month or the specified period being deemed a separate period of time and each radius mile of the restricted territory being deemed a separate geographical area, so that the lesser period of time or geographical area will remain effective and may be enforced against you so long as the same is not unreasonable, arbitrary, or against public policy. If you violate any of the covenants contained herein, and if any court, tribunal or agency action is instituted by Developer to prevent or enjoin such violation, then the period of time during which the covenants of this Agreement apply will be lengthened by a period of time equal to the period between the date of the breach of the terms or covenants contained in this Agreement and the date on which the decree of the disposition of the tribunal, court or agency having valid jurisdiction of the issues upon the merits will become final and not subject to further appeal.

You acknowledge that the geographical and time limitations contained in this Agreement are reasonable and properly required for the adequate protection of the Confidential Information, including Franchisor's trade secrets. You acknowledge that Franchisor and Developer will provide to you training and Confidential Information in reliance upon the covenants contained in this Agreement.

Without limiting any provision of this Agreement, you and Developer recognize and agree that Franchisor is a third party beneficiary of this Agreement, and at all times during and after your association

with Developer as its Designated Principal Franchisor will have the independent right to enforce the terms of this Agreement.

You also recognize and agree that your designation as Developer's Designated Principal may be withdrawn by Developer or that Developer may disassociate with you at any time, with or without cause.

This Agreement and all claims arising from, under or with respect to the relationship between Developer and you will be interpreted, enforced and governed by the laws of **[_____]** (without regard to conflicts of law rules). Any dispute arising out of or under this Agreement not settled by agreement will be resolved in accordance with the terms of the ADA.

This Agreement constitutes the entire agreement of the parties with respect to the parties' respective obligations in connection with Confidential Information disclosed hereunder and supersedes all prior oral and written agreements and discussions with respect thereto.

This Agreement may be executed in one or more counterparts and in both original form and one or more electronic or photocopies, each of which will be deemed to be and constitute one and the same instrument.

The parties can amend or modify this Agreement only by a writing duly executed by their respective authorized representatives.

Designated Principal will not assign this Agreement without first securing Franchisor's written consent.

Franchisor will be an intended beneficiary of this Agreement with the full and independent right to enforce each and all of its terms.

As evidenced by your signature below, you hereby acknowledge that you have carefully read this Agreement completely and understand and agree to all of the terms set forth above, and that Developer has provided you with a copy for your records.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date(s) indicated.

DEVELOPER:	**DESIGNATED PRINCIPAL**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Date:_____
Date:_____	

ATTACHMENT E-1
TO CONFIDENTIALITY AND NON COMPETE AGREEMENT

DEFINITIONS

"**ADA**" means the Area Development Agreement between Franchisor and Developer.

"**Affiliate**" means, with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

"**Agreement**" means this Confidentiality and Non-Compete Agreement between Developer and Designated Principal.

"**Competitive Business**" means any retail establishment that, as determined by Franchisor, is the same as or substantially similar to the Makeries, including, without limitation, any personal body care product retail establishment or chain of retail establishments that feature products free of artificial detergents, surfactants, dyes, or harsh chemicals, or any retail establishment that has soaps, lotions, bath bombs and similar facial, body and hair care products collectively accounting for 25% or more of its average monthly gross sales for the retail establishment during the preceding 12 months (or, if the retail establishment has operated less than 12 months, the number of full calendar months of operation).

"**Franchisor**" means Buff City Soap Franchising, LLC, a

"**Makery**" means a Buff City Soap shop.

"**Manuals**" means Company's operations and training manuals, and any other written directives related to the System, in whatever form and provided in whatever manner, as the same may be periodically amended and revised, including the Standards, all bulletins, supplements and ancillary and additional manuals and directives established by Franchisor from time to time.

"**Person**" means any natural person or entity.

"**Purpose**" means the management of the day to day operations of Developer, including without limitation supervising and overseeing the operation of the business contemplated by this Agreement.

"**Standards**" means the standards, requirements, specifications, techniques, methods, policies and procedures of the System and Brand for the development and operation of the Makeries, as specified from time to time by Franchisor in the Manuals, or otherwise in writing.

"**System**" means the business system for establishing and operating the Makeries, the distinguishing characteristics of which include, without limitation, distinctive exterior and interior design, decor, color scheme, furnishings and equipment; special ingredients, recipes and Products; the Standards; quality and uniformity of products and services offered; procedures for product sourcing, inventory, management, logistics, pricing; training and assistance; and marketing, advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time.

BUFF CITY SOAP FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

EXHIBIT F

STATE ADDENDA

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE HAWAII FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following:

   Further, the Hawaii Securities Commissioner requires Franchisor to defer payment and prorate the Development Fee based on the number of Makeries to be opened. The Franchisor may collect the prorated portion of the development as it completes its pre-opening obligations to Franchisee and that location of the Makery is open for business.

2. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Illinois; or (b) Developer is a resident of the State of Illinois and the Makeries will be located in the State of Illinois.

2. Illinois law governs the franchise agreements.

3. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in an area development agreement which designates jurisdiction and venue in a forum outside of Illinois is void. However, an area development agreement may provide for arbitration to take place outside of Illinois.

4. The Illinois Attorney General's Office has imposed a financial assurance requirement due to Franchisor's financial condition. Accordingly, payment of the Initial Franchise Fee and Development Fee owed by Franchisee/Developer to Franchisor will be deferred until the Franchisor has completed its pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance, and review of Franchisee's opening promotional materials, or, with respect to deferral of the Development Fee, until the Franchisor has completed its pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance and review of Franchisee's opening promotional materials for the first Makery and Franchisee has commenced doing business of its First Makery pursuant to the Franchise Agreement.

5. Franchisees rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

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

7. Supplier Control. Developer must purchase all or nearly all of the inventory and supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at the prices that Franchisor or they set. These prices may be higher than prices Developer could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of Developer's franchised business.

8. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Developer was made in the State of Maryland; (b) Developer is a resident of the State of Maryland; and/or (c) the Makeries will be located in the State of Maryland.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law."

3. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following sentence: "On the basis of the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee and the first franchise under the development agreement opens."

4. Section 12(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "This Section 12(d) may not be enforceable under federal bankruptcy law (11 U.S.C. §§ 101 *et seq.*)."

5. Section 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

6. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three years after Franchisor grants Developer the franchise development rights."

7. The following is added as a new Section 17(l) to the Area Development Agreement: "All representations requiring Developer to assent to a release, estoppel or waiver of liability are not intended to, nor will they, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

8. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) Developer is a resident of the State of Minnesota; and/or (b) the Makeries will be located in the State of Minnesota.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchise Investment Law."

3. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following statement applicable to Developers in Minnesota: "The Commissioner of the Minnesota Department of Commerce requires Franchisor to defer payment of the Development Fee paid to Franchisor by Developer pending satisfaction of Franchisor's pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance and review of Franchisee's opening promotional materials and the Franchisee has commenced operating the initial Makery to be developed pursuant to the Franchise Agreement."

4. Section 12 of the Area Development Agreement will be supplemented by the addition of the following sentence: "However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. § 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Developer be given 90 days' notice of termination (with 60 days to cure) of this Agreement."

5. Section 15(b) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, Franchisor may seek temporary, injunctive of other special or extraordinary relief; however, Developer cannot consent to Franchisor's obtaining of such relief. A court will determine whether a bond or security must be posted. See Minnesota Rules 2860.4400(J)."

6. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Developer must bring any action arising under the Minnesota Franchise Investment Law within three years after the cause of action accrues."

7. Section 15(i) of the Area Development Agreement is hereby deleted in its entirety.

8. Minn. Stat. §80C.21 and Minnesota Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Area Development Agreement can abrogate or reduce any of Developer's rights as provided for under the Minnesota Franchise

Investment Law or Developer's rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota.

9. Franchisor will protect Developer's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Developer from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

10. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

[Signature Page Follows]

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. The provisions of this Addendum form an integral part of and are incorporated into the Area Development Agreement. This Addendum is being executed because (a) Developer is a resident of the State of North Dakota and the Makeries that Developer will develop under the Area Development Agreement will be located in North Dakota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in North Dakota.

2. Sections 3(b) and 11(c) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

3. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following statement applicable to Developers in North Dakota:

> "The North Dakota Securities Department has imposed a deferral requirement of the initial Development Fee due to Franchisor's financial condition. Payment of the initial Development Fee will be deferred until such time as the Franchisee has commenced doing business of the initial Makery to be developed pursuant to the Development Schedule in accordance with the applicable Franchise Agreement."

4. Covenants not to compete such as those mentioned in Section 8(a) of the Area Development Agreement may be unenforceable in the State of North Dakota except in certain circumstances provided by law."

5. Section 13(a) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Any provision requiring Developer to pay liquidated damages may not be enforceable."

6. Sections 15(c) and 15(d) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section to the contrary, to the extent required by North Dakota Franchise Investment Law, any provision requiring Developer to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void."

7. Sections 15(f), 15(i) and 15(j) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Pursuant to North Dakota Franchise Investment Law, any provision requiring Developer to waive its right to jury trial, exemplary or punitive damages or class actions may not be enforceable."

8. Section 15(e) of the Area Development Agreement will be supplemented by the addition of the following sentence: "Notwithstanding anything contained in this Section 15(e) to the contrary, the

statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law."

9. Except as amended in this Addendum, the Area Development Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE RHODE ISLAND FRANCHISE INVESTMENT ACT

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

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

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE VIRGINIA FRANCHISE INVESTMENT LAW

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. Section 6(a) of the Area Development Agreement will be supplemented by the addition of the following statement applicable to franchisees in Virginia:

> "The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development Fee owed by Developer to the Franchisor until the Franchisor has completed its pre-opening obligations under the Agreement."

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

This Addendum to the Area Development Agreement between Buff City Soap Franchising, LLC ("Franchisor") and _____ ("Developer") is dated _____. Capitalized terms not defined in this Addendum have the meanings given in the Area Development Agreement. Notwithstanding anything which may be contained in the Area Development Agreement to the contrary, the Area Development Agreement is amended to include the following:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

[Signature Page Follows]

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

DEVELOPER:	**FRANCHISOR:**
[_____]	**Buff City Soap Franchising, LLC**
_____	_____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

Exhibit C

Disclosure Acknowledgment Addendum

EXHIBIT C

BUFF CITY SOAP FRANCHISING, LLC SUMMARY OF ACKNOWLEDGMENTS AND FRANCHISEE QUESTIONNAIRE

Franchisee:_____

State of Formation:_____

Address of Principal Place of Business:_____

Franchisee's Representative:_____

Residence Address of Representative:_____

As you know, Buff City Soap Franchising, LLC ("Franchisor") and the Franchisee ("You") are preparing to enter into a Franchise Agreement for the operation of a Buff City Soap retail shop (the "Franchise"). The purpose of this Summary of Acknowledgments and Franchise Questionnaire is to determine whether any statements or promises were made to you that Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

Indicate your acknowledgment and agreement with each of the following statements by initialing each and signing below:

_____ The Franchisee is a domiciliary of the State of _____ and is not a domiciliary of any other state.

_____ The Territory to be developed and/or location of the franchised business is:
_____

_____ You received and reviewed Franchisor's Franchise Disclosure Document ("FDD") dated _____ (issuance date)

_____ You received the FDD at least 14 calendar days before execution of the Franchise Agreement and any other agreement with Franchisor or its Affiliate at least 14 calendar days before making any payment for the franchise.

Date of Receipt:_____

_____ You received and personally reviewed the Franchise Agreement and each exhibit attached to it.

_____ You received a copy of the Franchise Agreement with all material blanks fully completed.

Date of Receipt:_____

_____ You understand your financial and other obligations contained under the Franchise Agreement.

_____ You have discussed the economic and business risks of owning and operating the Franchise with an attorney, accountant or other professional advisor.

_____ You understand that You must satisfactorily complete the initial training before Franchisor will allow your Franchise to open, or otherwise before Franchisor will consent to a transfer of your Franchise.

_____ No employee or other person speaking on behalf of Franchisor made any statement or promise to You or anyone else regarding the amount of money You may earn in operating the Franchise.

_____ You understand that You have not been granted any territorial rights other than as specifically set forth in the Franchise Agreement or Development Agreement.

_____ You understand Franchisor or other Franchisee operated stores may open near your stores so long as they are outside of any geographically defined radius restriction or protected territory specifically defined in your Agreements.

_____ You understand that Franchisor and its affiliates retain the right to engage, directly or through others, in the production, distribution or sale of products and services (including personal care products, clothing, merchandise and other Buff City Soap memorabilia, and other products and services offered at Buff City Soap shops) under Franchisor's name under systems other than the system pursuant to which your location is operated, and that these other methods of distribution may compete with your Buff City Soap shop.

_____ You acknowledge that the license granted in the Franchise Agreement is for the right to operate a franchise at the approved site only and, other than expressly set forth in writing in the Franchise Agreement, includes no exclusive area or protected area, and that in the absence of a valid Development Agreement in good standing for the subject development territory described in the Development Agreement, the Franchisor and its affiliates have the right to issue franchises or operate company operated Buff City Soap retail shops at locations near the site for your Buff City Soap shop.

****

If the franchise that you will acquire is located in Maryland or you are a resident of Maryland, the following will apply:

The representations made are not intended to nor shall they act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

****

If you did not acknowledge or agree to any question please provide a full explanation in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have acknowledged and agreed to each of the foregoing questions, please leave the following lines blank.

_____

_____

_____

_____

Which of our representatives/employees have you worked with during the franchise sales process?

_____

Have all of your questions been answered? _____ Yes _____ No

You understand that your answers are important to us and we will rely on them.

By signing this Summary of Acknowledgments and Franchisee Questionnaire, you are representing that you have responded truthfully to the above questions. This Questionnaire cannot be signed and dated the same day as the Receipt but must be signed and dated the same date you sign your Franchise Agreement and remit your Franchise Fee.

_____

Name of Franchise Applicant

Dated:_____

[**NAME OF FRANCHISEE]**

By:_____

Name:_____

Title:_____

Dated:_____

Exhibit D

Form of General Release

FORM OF GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on _____ by _____ ("**[Developer/Franchisee]**") and _____ ("Guarantors") as a condition of (1) transfer or renewal of the Development Agreement dated _____ ("Development Agreement") between Developer and Buff City Soap, LLC ("Franchisor"); and/or (2) transfer or renewal of the Franchise Agreement dated _____ ("Franchise Agreement") between Franchisee and Franchisor.

1. **Release by Developer /Franchisee and Guarantors. [Developer /Franchisee**] and Guarantors, on behalf of themselves and their successors, heirs, personal representatives, executors, administrators, personal representatives, agents, contractors, assigns, partners, shareholders, members, directors, officers, members, principals, employees, parents, subsidiaries, and affiliated entities,(collectively "Releasors") freely and without any influence forever release Franchisor, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, the "Released Parties"), from any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively "Claims"), that Releasors ever owned or held, now own or hold or may in the future own or hold, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, claims for contribution, indemnity and/or subrogation, and claims arising out of, or relating to the [**Developer/Franchise**] Agreement and all other agreements between Franchisee and/or any Guarantor and any Released Parties, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts. [Developer /Franchisee**] and Guarantors understand that the facts in respect of which the Release in Section 1 above is given may turn out to be different from the facts now known or believed by them to be true. **[Developer /Franchisee**] and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the Release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **No Prior Assignment. [Developer /Franchisee**] and Guarantors represent and warrant that the Releasors are the sole owners of all Claims and rights released hereunder and that Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above.

4. **Covenant Not to Sue. [Developer /Franchisee**] and Guarantors, on behalf of themselves and Releasors, covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 above with respect to any Claim released under Section 1 above.

5. **Complete Defense. [Developer /Franchisee**] and Guarantors: (i) acknowledge that this Release shall be a complete defense to any Claim released under Section 1 above; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successor, assigns, heirs and personal representatives of Franchisor and each Releasor.

ATTEST: **DEVELOPER /FRANCHISEE:**

_____ _____

Print Name: _____

Print Name: _____

Title: _____

Date: _____

WITNESS:

GUARANTOR:

_____

_____

Print Name: _____

Print Name: _____

Date: _____

WITNESS:

GUARANTOR:

_____

_____

Print Name: _____

Print Name: _____

Date: _____

[This Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT E

Form of Non-Disclosure and Non-Use Agreement

NON-DISCLOSURE AND NON-USE AGREEMENT

THIS NON-DISCLOSURE AND NON-USE AGREEMENT (the "***Agreement***") is made and given to Buff City Soap Franchising, LLC, a Delaware limited liability company, for the collective benefit such entity and its affiliates (collectively, "***Company***"), by the undersigned, as of the date set forth below.

BACKGROUND:

In conjunction with exploration of a potential business relationship between the undersigned and the Company (the "***Purpose***"), the undersigned has need of, may become aware of, and/or may come into possession of (i) financial information, business plans, information about the Company's business and/or other non-public information and trade secrets that Company considers confidential or proprietary, (ii) information about a customer of Company that is non-public, confidential, or proprietary in nature, and/or that is protected by law or by order of a court, arbitrator, or other such authority, and/or (iii) information and property held by Company pursuant to a contractual or fiduciary relationship. Company is willing to disclose to the undersigned, or permit the disclosure to the undersigned of, such information and property only upon receipt of the assurances contained within this Agreement, and the undersigned is willing to give such assurances.

NOW, THEREFORE, in consideration of the recitals above and other good and valuable consideration, the undersigned hereby agrees as follows:

1. Definition of Confidential Information

"***Confidential Information***" means any information of any type in any form that (i) is disclosed to or observed or obtained by the undersigned from Company (or from a person the recipient knows or reasonably should assume has an obligation of confidence to Company) in the course of, or by virtue of, the Purpose and (ii) either is designated as confidential or proprietary in writing at the time of such disclosure or within a reasonable time thereafter (or, if disclosure is made orally or by observation, is designated as confidential or proprietary orally by the person disclosing or allowing observation of the information) or is of a nature that the recipient knew or reasonably should have known, under the circumstances, would be regarded by the owner of the information as confidential or proprietary.

For purposes of this Agreement, however, the term "Confidential Information" specifically shall not include any portion of the foregoing (other than information about the health or financial status of any person) that (i) was in the undersigned's possession or knowledge at the time of disclosure and that was not acquired directly or indirectly from Company, (ii) was disclosed to the undersigned by a third party not having an obligation of confidence of the information to any person or body of which the undersigned knew or that, under the circumstances, the undersigned reasonably should have assumed to exist, or (iii) is or becomes (other than by the act or omission of the undersigned) a part of the public domain not under seal by a court of competent jurisdiction.

In the event of any ambiguity as to whether information is Confidential Information, the foregoing shall be interpreted strictly and there shall be a rebuttable presumption that such information is Confidential Information.

Without limiting any other provisions of this Agreement or granting by implication any rights with respect to any particular item, and whether or not otherwise meeting the criteria described herein, the following shall be deemed conclusively to be Confidential Information: (i) all information that the recipient knows or reasonably should know is a trade secret pursuant to applicable law; (ii) any notes, compilations, analyses, or other materials created by or on behalf of the undersigned that contain, describe, or refer to information that is Confidential Information of Company; and (iii) to the extent not generally known to the public or to third parties in the relevant industry, (A) all data, documents, flow charts, logic diagrams, design concepts, technical information, processes, standards, specifications, improvements, inventions, procedures, know-how, formulae, algorithms, source and executable codes, scripts, file layouts, database arrangements, test materials, business concepts and methods, financial information, recipes and preparation instructions for menu items, ingredients, new menu items and the like, sales and marketing information, development plans, business plans, strategies, forecasts, customer lists, customer data, supplier lists, supplier contract and arrangement terms, non-obvious Retailer design, décor, and organization elements, and passwords, entry codes, access sequences, or the like of the Company, (B) all information and property that the recipient knows or reasonably should assume is possessed by Company through a contractual or fiduciary relationship with a third party (including without limitation property possessed or accessible pursuant to a license or other contractual arrangement, information regarding the business of Company's customer or prospective customer, the identity of any third party in a confidential relationship with Company, and information about the health or financial status of any person), and (C) this Agreement (other than the fact of its existence), the identity of Company as a party to this Agreement, and the fact of the parties' Purpose.

Any information otherwise meeting the foregoing definition of "Confidential Information" that was received by the undersigned prior to the date of this Agreement but preliminary to or in contemplation of this Agreement or the Purpose shall be deemed to be Confidential Information.

2. Non-Disclosure of Confidential Information

Except as otherwise specifically authorized by Company in writing, the undersigned shall keep all Confidential Information disclosed to it strictly confidential and shall not disclose (or permit the disclosure by any of its employees, contractors, or agents of) any Confidential Information except as expressly approved in writing by Company or as otherwise permitted under this Agreement; provided, however, that the undersigned may disclose appropriate portions of Confidential Information to those of its employees, contractors, agents,

and professional advisors who have a substantial need to know the specific information in question in connection with the Purpose so long as all such persons (i) have been instructed that such Confidential Information is subject to the obligation of confidence set forth by this Agreement and (ii) are bound either by contract, employment policies, or fiduciary or professional ethical obligation to maintain such information in confidence. The foregoing notwithstanding, in the event the undersigned becomes legally compelled to disclose any Confidential Information, the undersigned shall provide Company with prompt notice thereof so that Company may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If such protective order or other remedy is not obtained, or if Company waives compliance with the provisions of this Agreement, the undersigned agrees to furnish only the portion of the Confidential Information that it is legally required to disclose, as advised by written opinion of counsel. The undersigned also shall exercise its best efforts to obtain reasonable, reliable assurance that confidential treatment as provided in this Agreement will be accorded to the Confidential Information so disclosed.

3. Non-Use of Confidential Information

The undersigned shall not, in any manner or at any time, use or authorize the use of any Confidential Information except as is necessary to effectuate the purposes of the Purpose.

4. Security of Confidential Information

In addition to any other restrictions or obligations imposed at law, the undersigned will maintain all Confidential Information under secure conditions, using reasonable security measures and in any event not less than the same security procedures used by the undersigned for the protection of its own Confidential Information of a similar kind.

5. Copying of Confidential Information.

Except as otherwise specifically authorized by Company in writing, the undersigned shall not copy or otherwise reproduce any part of any Confidential Information, nor attempt to do so, other than as is necessary to effectuate the purposes of the Purpose. Any embodiments of Confidential Information that may be generated by the undersigned, either pursuant to or in violation of this Agreement, will be deemed the Confidential Information of Company.

6. Proprietary Legends

Except as otherwise specifically authorized by Company in writing, the undersigned shall not remove, obscure, or deface on or from any embodiment of any Confidential Information any proprietary legend relating to Company's rights.

7. Compliance with Export Restrictions

The undersigned shall comply with all applicable laws, regulations, and restrictions relating to the use, handling, disclosure, export, and transfer of the Confidential Information. The undersigned warrants that no technical data furnished to it by Company will be exported from the United States, including without limitation disclosing technical data to a foreign firm, foreign government, or foreign national not lawfully admitted to the United States as a permanent resident, without first (i) obtaining the express written consent of Company in its sole discretion and (ii) complying with all applicable requirements of the International Traffic in Arms Regulations and the Export Administration Act, including without limitation the requirement for obtaining any export license or other approval, if applicable. The undersigned shall not submit any request for authority to export any such technical data without the express written consent of Company in its sole discretion.

8. Term

The obligations of the undersigned pursuant to this Agreement shall continue until three years following the last date that Confidential Information is disclosed to or observed or obtained by the undersigned pursuant to this Agreement; provided, however, that the obligations of the undersigned pursuant to this Agreement with respect to Confidential Information that the recipient knows or reasonably should know is a trade secret pursuant to applicable law shall continue for as long as such information remains a trade secret; and provided, further, that the obligations of the undersigned pursuant to Section 2 of this Agreement shall continue indefinitely.

9. Acknowledgment of Rights

The undersigned acknowledges that, as between Company and the undersigned, all Confidential Information shall be and remain exclusively the property of Company. Nothing contained in this Agreement shall be construed as granting to or conferring upon the undersigned any right, by license or otherwise, expressly or by implication, in respect of any Confidential Information or any applications thereof.

10. No Warranties

The undersigned acknowledges that Company makes no representation or warranty as to the Confidential Information disclosed hereunder, including without limitation any representation or warranty as to accuracy, completeness, or relevance, and any implied such representations and warranties are hereby disclaimed. Company shall have no liability to the undersigned for any use of Confidential Information by the undersigned.

11. Return or Destruction of Confidential Information

At any time or times as may be requested by Company, and in any case within 10 days following the end of the Purpose, the undersigned shall return or permanently and securely destroy all copies and other physical embodiments of the Confidential Information in its possession or under its control and permanently and securely delete any electronic embodiments of the Confidential Information from its computers and storage devices and media. Upon request of Company, the undersigned shall deliver a certificate of an officer of the undersigned that all such Confidential Information has been returned or destroyed.

12. Injunctive Relief

The undersigned acknowledges that the Confidential Information has been and is developed and obtained by Company with considerable effort and expense or subject to legal obligations regarding its confidentiality, that the Confidential Information is unique, secret, and valuable to Company, and that any unauthorized use of Confidential Information by the undersigned, or any disclosure of the

same to any third party other than as permitted under this Agreement, would be wrongful, may violate law, and would cause irreparable injury to Company. The undersigned further acknowledges that any breach of this Agreement would cause irreparable harm to Company for which an award of money damages alone would not be an adequate remedy, and the undersigned therefore agrees that Company shall be entitled to specific performance and immediate preliminary and permanent injunctive relief without bond, without the need of proof of actual damages, and without prejudice to any other rights or remedies to which Company may be entitled as a result of a breach of this Agreement. Company shall be entitled to reasonable attorney's fees and costs incurred by it in enforcing its rights under this Agreement. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting Company's rights under applicable law to protect its Confidential Information.

13. No Partnership; No Commitment; No Exclusivity

Except as expressly set forth in a separate written agreement between the undersigned and Company, nothing contained in this Agreement or in any discussions undertaken or disclosures made pursuant hereto shall (i) create any partnership or joint venture as between the undersigned and Company; (ii) be deemed a commitment by the undersigned or Company to engage in any business relationship, contract, or future dealing with of for the benefit of the other, or (iii) limit the right of the undersigned or Company to conduct discussions or engage in any undertaking, whether similar to or different from the Purpose, so long as such discussions or undertaking do not violate this Agreement.

14. Other Provisions

This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee (other than its conflicts of law provisions) and venue shall be exclusive in the federal or state courts sitting in Shelby County, Tennessee. If any provision of this Agreement is deemed invalid or unenforceable, such provision shall be deemed limited by construction in scope and effect to the minimum extent necessary to render the same valid and enforceable. This Agreement, including any exhibits referred to in this Agreement, all of which form a part hereof, contains the entire understanding of the undersigned and Company with respect to its subject matter. This Agreement may be amended only by a written instrument duly executed by the undersigned and Company. No failure or delay in the exercise of any power, right, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right, or privilege preclude the further exercise thereof or of any other right, power, or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Exhibit F

Disclosure Document Addenda Required by Certain States

ADDENDUM TO

BUFF CITY SOAP FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

FOR THE STATE OF CALIFORNIA

The following paragraphs are added to the Disclosure Document:

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.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DBO.CA.GOV.

The following Risk Factor is added to the State Cover Page of the Disclosure Document:

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT THE FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING, BUT NOT LIMITED TO, A WAIVER OF JURY TRIAL AND LIMITED WAIVER OF PUNITIVE DAMAGES.

The following paragraphs are added at the end of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

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

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

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

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the Franchise. These provisions may not be enforceable under California law.

5. The Franchise Agreement requires binding arbitration, with limited exceptions. The place of arbitration will be Dallas, Texas, unless otherwise agreed in writing. Each party will be responsible for its own attorneys' fees associated with the arbitration and for such costs as it is liable pursuant to the CPR Rules for Non-Administered Arbitration.

6. 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 the Franchise Agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires the application of the laws of Tennessee, with limited exceptions. This provision may not be enforceable under California law.

8. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

FOR THE STATE OF HAWAII

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

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

4. Item 5 of this Disclosure Document is modified by adding the following at the end:

As a result of our financial condition, the Hawaii Securities Commissioner has imposed a financial assurance requirement. We have elected to defer Initial Franchise Fee and Development Fee payments with the Development Fee prorated based on the number of Makeries to be opened. The Franchisor may collect the prorated Development Fee after it has satisfied all its pre-opening obligations to Franchisee and as each Makery is open for business.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

FOR THE STATE OF ILLINOIS

1. Illinois law governs the franchise agreements.

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

3. Franchisees' rights upon termination and non-renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. For info about obtaining a liquor license in Illinois, see: https://www.illinois.gov/ilcc/pages/forms-and-applications.aspx.

6. The following risk factor is added to the page entitled "Special Risks to Consider About *This* Franchise":

> **Supplier Control**. You must purchase all or nearly all of the inventory and supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at the prices that Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

7. The following language is added to Item 5:

> The Illinois Attorney General's Office has imposed a financial assurance requirement due to Franchisor's financial condition. Accordingly, payment of the Initial Franchise Fee and Development Fee owed by Franchisee/Developer to Franchisor will be deferred until the Franchisor has completed its pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance, and review of Franchisee's opening promotional materials, or, with respect to deferral of the Development Fee, until the Franchisor has completed its pre-opening obligations to Franchisee concerning site selection, building and design requirements, access to our manual, opening training assistance and review of Franchisee's opening promotional materials for the first Makery and Franchisee has commenced doing business of its First Makery pursuant to the Franchise Agreement.

FOR THE STATE OF INDIANA

The following statements are added to Item 17:

1. The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices that could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement or the Development Agreement conflict with this law, this law will control.

2. No release language set forth in the Disclosure Document, Franchise Agreement, or Development Agreement shall relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

3. Any provision in the Disclosure Document or Franchise Agreement that designates jurisdiction or venue, or requires franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, may not be enforceable.

4. Indiana franchise laws will apply to the Franchise Agreement, Development Agreement and all other related documents.

FOR THE STATE OF MARYLAND

Item 5 is amended by adding the following language:

On the basis of the financial information submitted, the Commissioner has determined that all fees paid to the franchisor by the franchisee shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee and the first franchise under the development agreement opens. To secure your obligations to make these payments, you grant us a security interest in your signs, signage, décor items, goods, supplies, equipment and inventory. We will file to perfect this security interest when you sign your Franchise Agreement or Development Agreement.

Item 17 is amended by adding the following language after the tables:

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

2. Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101, *et seq.*).

4. The Franchise and Development Agreements provide that disputes are resolved through arbitration, with limited exception. A Maryland franchise regulation states that it is an unfair

or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

FOR THE STATE OF MINNESOTA

Item 5 is amended by adding the following language:

As a result of our financial condition, the Commissioner of the Minnesota Department of Commerce has imposed a financial assurance condition. We have elected to defer payment of your initial franchise fee, development fee and amounts payable to us for initial inventory and supplies until you have completed training and opened each of the Makeries you commit to open.

1. Item 13 is amended to the add the following:

   Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

2. Item 17.f. is amended to the add the following:

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

3. Item 17.m. is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Items 17.v. and 17.w. are amended to the add the following:

   Minnesota Statute §80C14 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of jurisdiction.

5. Items 6 and 17.i. are amended to add the following:

   Liquidated damages are generally not permitted under Minnesota law.

FOR 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 H 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, 28 LIBERTY ST., NEW YORK, NEW YORK 10005.

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:

Except as noted above, 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 you to renew or extend**," and Item 17(m), entitled "**Conditions for our 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 you":**

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 us":

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.

FOR THE STATE OF NORTH DAKOTA

1. Item 5 of this Disclosure Document is modified by adding the following at the end:

As a result of our financial condition, the State of North Dakota has imposed a financial assurance condition. We have elected to defer payment of your initial franchise fee, development fee and amounts payable to us for initial inventory and supplies until you have completed training and opened each of the Makeries you commit to open. If you sign a Development Agreement, you will pay no reservation fees, and if you fail to pay the initial franchise fee or invoice for opening inventory and supplies for any Makery when due, the Development Agreement will terminate for cause without any right to cure. To secure your obligations to make these payments, you grant us a security interest in your signs, signage, décor items, goods, supplies, equipment and inventory. We will file to perfect this security interest when you sign your Franchise Agreement or Development Agreement.

2. Items 6 and 17 of this Disclosure Document are modified by adding the following at the end:

Liquidated damages and termination penalties are generally considered unenforceable in North Dakota.

3. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified by adding the following at the end:

, provided that you will be not required to release any claim arising under the North Dakota Franchise Investment Law (the "**ND Law**").

4. The Summary column of Item 17 paragraph (r) of this Disclosure Document is modified by adding the following at the end:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

5. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end:

except that matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location.

6. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended by adding the following at the end:

, except for matters arising under the ND Law.

7. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended by adding the following at the end:

, except for matters arising under the ND Law.

8. North Dakota franchisees are not required to waive jury trial or exemplary or punitive damages for any matters arising under ND Law.

FOR THE STATE OF RHODE ISLAND

The following sentence is added to Items 17.v. and 17.w.:

> A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FOR THE STATE OF VIRGINIA

The following is added to the "Special Risks to Consider About This Franchise" page:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $229,050 to $402,000. This amount exceeds the franchisor's stockholder's equity as of December 31, 2019, which is $(738,284).

The following is added to Item 17(h):

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act (the "Virginia 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/or the Development Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Act or the laws of Virginia, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in

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

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

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

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

Exhibit G

Financial Statements

THIS EXHIBIT INCLUDES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2020, 2019 and 2018, AND UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1, 2021 TO May 31, 2021.

Buff City Soap Franchising, LLC
Financial Statements
Years Ended December 31, 2020 and 2019
with Report of Independent Auditors

Buff City Soap Franchising, LLC
Index
Years Ended December 31, 2020 and 2019

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REPORT OF INDEPENDENT AUDITORS

To the Advisors of
Buff City Soap Franchising, LLC

We have audited the accompanying financial statements of Buff City Soap Franchising, LLC which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buff City Soap Franchising, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with GAAP.

WhitleyPenn LLP

Plano, Texas
May 4, 2021

Buff City Soap Franchising, LLC
Balance Sheets

	December 31, 2020	2019
Assets		
Cash and cash equivalents	$ 551,860	$ 282,726
Accounts receivable	2,645,353	240,249
Prepaids and other current assets	198,354	10,723
Receivables from affiliates	4,085,843	570,093
Total current assets	7,481,410	1,103,791
Property and equipment, net	17,977	-
Other receivables	1,814,671	1,065,000
Contract acquisition costs	993,217	123,581
Total assets	$ 10,307,275	$ 2,292,372
Liabilities and Member's Deficit		
Accounts payable	$ 164,200	$ 124,239
Accrued taxes	4,775	5,076
Accrued payroll and payroll taxes	86,186	191,535
Accrued commissions	870,199	-
Other current liabilities	63,164	29,293
Current deferred revenue	144,000	81,167
Current deferred development fees	729,368	122,000
Total current liabilities	2,061,892	553,310
Deferred revenue, net of current portion	1,460,552	788,447
Deferred development fees, net of current portion	6,795,961	1,688,899
Total liabilities	10,318,405	3,030,656
Commitments and contingencies		
Member's equity	100,000	100,000
Accumulated deficit	(111,130)	(838,284)
Total member's deficit	(11,130)	(738,284)
Total liabilities and member's deficit	$ 10,307,275	$ 2,292,372

See accompanying notes to financial statements.

Buff City Soap Franchising, LLC
Statements of Operations

	Year Ended December 31, 2020	2019
Revenues		
Royalty fees	$ 959,482	$ 306,190
Brand fund contributions	514,183	194,127
Development fees	359,246	18,922
Franchise fees	83,561	31,191
Other income	93,790	171,382
Total revenues	2,010,262	721,812
Expenses		
Labor	343,301	381,048
Advertising and marketing	396,244	366,094
Professional fees	336,322	218,109
Travel expenses	114,541	127,931
Technology fees	97,473	115,355
Other operating	120,655	80,047
Total expenses	1,408,536	1,288,584
Other income	125,428	-
Net income (loss)	$ 727,154	$ (566,772)

See accompanying notes to financial statements.

Buff City Soap Franchising, LLC
Statements of Member's Deficit
Years Ended December 31, 2020 and 2019

	Member's Equity	Accumulated Deficit	Total Member's Deficit
Balance at December 31, 2018	$ 100,000	$ (271,512)	$ (171,512)
Net loss	-	(566,772)	(566,772)
Balance at December 31, 2019	100,000	(838,284)	(738,284)
Net income	-	727,154	727,154
Balance at December 31, 2020	$ 100,000	$ (111,130)	$ (11,130)

See accompanying notes to financial statements.

Buff City Soap Franchising, LLC
Statements of Cash Flows

	Year Ended December 31, 2020	2019
Operating Activities:		
Net income (loss)	$ 727,154	$ (566,772)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,232	-
Change in operating assets & liabilities:		
Accounts receivable	(2,405,104)	(137,908)
Prepaids and other current assets	(187,631)	51,746
Other receivables	(749,671)	(1,065,000)
Contract acquisition costs	(869,636)	(54,206)
Accounts payable, other liabilities, and accrued liabilities	838,381	239,811
Deferred revenue and deferred development fees	6,449,368	2,492,387
Receivables and payables from affiliates	(3,515,750)	(716,623)
Cash provided by operating activities	290,343	243,435
Investing Activities:		
Purchases of property and equipment	(21,209)	-
Cash used in investing activities	(21,209)	-
Net increase in cash and cash equivalents	269,134	243,435
Cash and cash equivalents at the beginning of the year	282,726	39,291
Cash and cash equivalents at the end of the year	$ 551,860	$ 282,726
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for taxes	$ -	$ -

See accompanying notes to financial statements.

1. Description of Business

Buff City Soap Franchising, LLC ("Franchising," the "Company") is a limited liability corporation formed on May 7, 2018, and is a wholly-owned subsidiary of Buff City Soap Holdings, LLC ("Holdings"), whose ultimate parent company is Buff City Soap InvestCo, LLC ("BCS InvestCo). Franchising offers franchises and licenses a system to operate a Buff City Soap® personal care product retail shop ("BCS Shop," "BCS Shops") that creates and sells hand-made, plant-based soap products including bar soaps, bath soaps, body and facial products, and other natural cleaning products.

2. Summary of Significant Accounting Policies

(a) Fiscal Year

The Company operates and reports calendar fiscal year ending December 31, 2020 and 2019.

(b) Basis of Presentation

The accompanying financial statements include the accounts of Franchising and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(c) Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities at the date of the financial statements and for the year then ended. Estimates are based on historical experience, current conditions, and various other assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities when they are not readily apparent from other sources. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results may differ from these estimates under different assumptions or conditions.

(d) Cash and Cash Equivalents

The Company continually monitors its positions with, and the credit quality of, the financial institutions in which it maintains its deposits. As of December 31, 2020, and 2019, respectively, Franchising maintained balances in various cash accounts in excess of federally insured limits. All highly liquid instruments purchased with an original maturity of three months or less are considered cash equivalents. For the years ended December 31, 2020 and 2019, the Company had no such investments.

(e) Property and Equipment

Property and equipment are carried at cost and consist primarily of computer equipment. Depreciation is provided on the straight-line method over the assets' estimated service lives. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying consolidated statement of income of the respective period. The estimated useful lives of computer equipment is 3 years.

(f) Fair Value of Financial Instruments

The carrying amounts of accounts receivable and other receivables, and accounts payable, other liabilities, and accrued liabilities approximate fair value because of their short-term nature.

(g) Commitments and Contingencies

The Company records reserves for legal and other contingencies when information available to the Company indicates that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Predicting the outcomes of claims and litigation and estimating the related costs and exposures involve substantial uncertainties that could cause actual costs to vary materially from estimates. There were no amounts recorded for contingencies at December 31, 2020 or 2019.

(h) Revenue Recognition

Revenue is recognized in accordance with a five-step revenue model prescribed in Accounting Standards Codification ("ASC") 606, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

Franchise Fees, Development Fees, and Royalty Fees

The Company sells individual franchises as well as territory agreements in the form of multi-unit operating agreements ("MUOA") that grant the right to develop BCS Shops in designated areas. The franchise agreements and MUOAs typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective BCS Shops and continuing fees, or royalty income, based upon a percentage of franchisee net sales. The initial term of domestic franchise agreements is typically ten (10) or fifteen (15) years. The franchise fees are recognized ratably over the franchise agreement. Development fees are an upfront component of franchise fees relates to MUOAs and are recognized over ten (10) or fifteen (15) years. Royalty income is recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying net sales occur. Fees received or receivable that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheets.

Brand Fund Contributions and Related Income

Franchise agreements typically require the franchisee to pay continuing brand fund fees based on a percentage of franchisee net sales, which represents a portion of the consideration received for the single performance obligation of the franchise license. Continuing brand fund fees are recognized over the term of the respective franchise agreement based on the fees earned each period as the underlying sales occur. Additionally, the Company records advertising expenses equivalent to advertising revenues, representing the Company's obligation to remit advertising fund contributions to affiliated entities of the Company to be used for advertising for each brand.

Other Income

Other income includes technology fees and licensing fees. Technology fees are recognized as incurred over the term of the related agreement. Licensing fees include fees generated pursuant to license agreements related to the use of Franchising's intellectual property in the sale of BCS Shop branded products in specific territories and are recognized when earned.

(i) Accounts Receivable

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon an evaluation of the customer's financial condition, and collateral is not required. Accounts receivable with contractual payment terms greater than one year from the balance sheet date are included in other receivables. The Company monitors the financial condition of its franchisees and licensees and records provisions for estimated losses on receivables when it is believes that the franchisees or licensees are unable to make their required payments. While management uses the best information available in making its determinations, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company's control. There was no allowance for doubtful accounts at December 31, 2020 or 2019.

(j) Income Taxes

The Company is a single-member limited liability company and is treated as a disregarded entity for federal and state income tax purposes. As a result, the Company generally does not incur U.S. income taxes. Instead, its earnings and losses flow up to its sole member and are ultimately included in the income tax returns of BCS InvestCo.

As a result, the accompanying statement of operations does not include a provision for U.S. income taxes. In certain instances, the Company is subject to state taxes on income arising in or derived from the state tax jurisdictions in which it operates.

State income tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax expense recorded would equal the largest amount of expense related to the outcome that is 50% or greater likely to occur. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense. Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the financial statements as of or for the years ended December 31, 2020 or 2019.

The Company did not incur any penalties or interest related to its state tax returns during the years ended December 31, 2020 or 2019.

Under the centralized partnership audit rules effective for tax years beginning after 2017, the Internal Revenue Service ("IRS") assesses and collects underpayments of tax from the Company instead of from each member. The Company may be able to pass the adjustments through to its members by making a push-out election or, if eligible, by electing out of the centralized partnership audit rules.

The collection of tax from the Company is only an administrative convenience for the IRS to collect any underpayment of income taxes, including interest and penalties. Income taxes on Company income, regardless of who pays the tax or when the tax is paid, is attributed to the members. Any payment made by the Company as a result of an IRS examination will be treated as a distribution from the Company to the members in the financial statements.

(k) Concentration of Credit Risk

The Company is subject to credit risk through its accounts receivable and other receivables which consist primarily of amounts due from franchisees and licensees for franchise and development fees, royalty fees, and brand fund contributions. At December 31, 2020, 4 franchisees accounted for 80% of accounts receivable, and at December 31, 2019, 2 franchisees accounted for 80% of accounts receivable. During the year ended December 31, 2020, 4 franchisees accounted for 55% of revenues. During the year ended December 31, 2019, no franchisee or master licensee accounted for more than 10% of revenues.

(l) Subsequent Events

Subsequent events have been evaluated up through May 4, 2021, the date that these financial statements were available to be issued.

(m) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

3. Revenue Recognition

(a) Contract Assets

Receivables relate primarily to payments due for royalty fees, franchise and development fees, brand fund contributions, and technology fees. As of December 31, 2020 and 2019, the Company had contract assets from contracts with customers relating to deferred commissions. The Company capitalizes costs of commissions paid to the Company's employees and consultants related to franchise and development agreements to contract acquisition costs as these costs are incremental and recoverable costs of obtaining a contract with a customer. During the year ended December 31, 2020 and 2019, contract acquisition cost amortization of $45,441 and $7,325, respectively, was included in other operating expense in the statements of operations. The balance of contract acquisition costs is $1,094,967 and $132,964 at December 31, 2020 and 2019, respectively, and are included within prepaids and other current assets and contract acquisition costs in the balance sheets.

(b) Contract Liabilities

Deferred revenue and deferred development fees primarily represent the Company's remaining performance obligations under its franchise and MUOA agreements for which consideration has been received or is receivable and is generally recognized on a straight-line basis over the remaining term of the related agreement. The increase in the deferred revenue balance as of December 31, 2020 and 2019, was primarily driven by cash payments received or due in advance of satisfying our performance obligations. During the year ended December 31, 2020, the Company recognized revenues of $179,203 related to deferred revenue balances as of December 31, 2019. During the year ended December 31, 2019, the Company recognized revenues of $12,667 related to deferred revenue balances as of December 31, 2018. At December 31, 2020 the balance of deferred revenue and deferred development fees was $1,604,552 and $7,525,329, respectively. At December 31, 2019 the balance of deferred revenue and deferred development fees was $869,614 and $1,810,899, respectively.

4. Related-party Transactions

Amounts receivable from affiliates represents expenses paid by the Company on behalf of BCS InvestCo and its subsidiaries and are incurred during the normal course of operations. As of December 31, 2020, the amount comprises expenses and amounts due from various subsidiaries of BCS InvestCo. Net amounts receivable due from affiliates was $4,085,843 at December 31, 2020.

As of December 31, 2019, the amount comprises payroll expenses and amounts due from Buff City Soap, LLC, a wholly-owned subsidiary of Holdings, which owns and operates BCS Shops, for brand fund contributions due to Franchising. Net amounts receivable from affiliates was $570,093 at December 31, 2019.

Activity with franchisees considered related parties consists of Franchise revenue and Development fee revenue which amounted to $589,205 and $134,302 for the year ended December 31, 2020 and 2019, respectively. Within accounts receivable in the balance sheets, outstanding fees due from franchisees considered related parties to the Company for technology and brand fund contributions was $183,470 and $36,150 at December 31, 2020 and 2019, respectively. Franchise and development fees receivable due from franchisees considered related parties was $3,532,216 and $1,045,000 at December 31, 2020 and 2019 respectively and is included within accounts receivable and other receivables in the balance sheets, based on if the amount is due within one year from the balance sheet. Accrued commissions due to a franchisee considered a related party consisted of $870,199 and $0 at December 31, 2020 and 2019, respectively.

5. Paycheck Protection Program Loan

On March 27, 2020, the U.S. federal government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which included provision for a Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration ("SBA"). The PPP allows qualifying business to borrow up to $10 million calculated based on qualifying payroll costs. PPP loans bear a fixed interest rate of 1% over a two to five-year term, are guaranteed by the federal government, and do not require collateral. Payments of principal and interest are deferred until 16 months from the date of the loan, and prepayments may be made at any time without penalty. The loans may be forgiven, in part or whole, if the proceeds are used to retain and pay employees and for other qualifying expenditures. The Company applied for a PPP loan in the amount of $125,428, which was approved by the SBA on July 7, 2020. The PPP loan is due in monthly installments starting November 2021 of $2,851 with interest at 1.00% per annum and matures on July 6, 2025.

The Company has elected to account for the PPP loan as an in-substance government grant that is earned through the Company's compliance with the loan forgiveness criteria since full forgiveness of the loan amount is considered probable. As there is no current US GAAP guidance for for-profit business entities that received government grants, the Company has analogized to International Accounting Standards (IAS) 20 - Accounting for Government Grants and Disclosure of Government Assistance. Under IAS 20, the proceeds of the PPP loan were initial recorded as a deferred income liability that was recognized as the funds were utilized for qualifying expenditures. During the year ended December 31, 2020, the Company expended $125,428 of the PPP loan proceeds on qualifying expenditures, and this amount is reflected as other income on the accompanying statement of operations for the year ended December 31, 2020.

The Company applied for full forgiveness on April 21, 2021, but has not received notification that the loan has been forgiven and paid in full by the SBA as of the date of the financial statements. While the Company deems full forgiveness of the loan to be probable, there is no guarantee that the SBA will forgive the loan in part or in full.

6. Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, have had and are expected to continue to have adverse impacts on local, national, and the global economies. During 2020, the Company's revenues were impacted related to the COVID-19 economic disruptions. Although the disruption is currently expected to be temporary, there is uncertainty around the duration and the related economic impact. Therefore, while the Company expects this matter to have a continuing impact on the business, the impact to the results of operations and financial position cannot be reasonably estimated at this time.

Buff City Soap Franchising, LLC

Audited Financial Statements

Prepared by:

David C Nanney, CPA, PLLC

BUFF CITY SOAP FRANCHISING, LLC

DECEMBER 31, 2018

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David C. Nanney, CPA, PLLC
A Public Accounting Firm

"Financial Solutions for Individual and Business Needs"

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INDEPENDENT AUDITOR'S REPORT

To the Members
Buff City Soap Franchising, LLC

We have audited the accompanying financial statements of Buff City Soap Franchising, LLC, which comprise the balance sheet as of December 31, 2018, the income statement and statement of cash flows for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

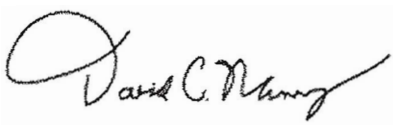
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Animal Protection Association as of December 31, 2018, and the changes in its net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Memphis, Tennessee
May 20, 2019

Buff City Soap Franchising, LLC
BALANCE SHEET
As of December 31, 2018

Assests

	2018
Current Assets	
Cash and cash equivalents	$ 39,291
Accounts Receivable	57,406
Prepaid Expenses	7,490
Total Current Assets	104,187
Fixed Assets	
Leasehold Improvements	3,226
Accumulated Depreciation	(108)
Intangible Assets	44,266
Accumulated Amortization	(1,523)
Total Fixed Assets	45,861
Other Assets	50,000
Total Assets	$ 200,048

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	93,040
Payable - BCS Holdings	146,530
Credit Card Payable	7,477
Accrued Taxes	1,391
Accrued payroll and payroll taxes	8,424
Total current liabilities	256,862
Members' Equity	100,000
Retained Earnings	(156,814)
Total Member's Equity	(56,814)
Total Liabilities an Members' Equity	$ 200,048

The accompanying notes are an integral part of the financial statements.

Buff City Soap Franchising, LLC
Income Statement
For the Year Ended December 31, 2018

Revenue		
Franchise Fees	$	95,000
Royalty Fees		30,623
Development Fees		50,000
Services Income		37,880
Brand Fund Contributions		10,962
Total Revenues		224,465
Expenses		
Legal and Professional		146,638
Salaries and Wages		108,864
Commissions		47,000
Travel		18,211
Advertising and Promotion		9,689
Payroll Taxes		9,158
Rent Expense		7,511
Tools and Small Equipment		5,570
Management Fee		5,250
Organizational Costs		5,000
Computer and Internet		4,779
Meals and Entertainment		4,065
Dues and Subscriptions		2,000
Amortization		1,523
Taxes and Licenses		1,091
Bad Debt Expense		1,088
Office Supplies		996
Sales Meetings		900
Repairs and Maintenance		795
Business Licenses and Permits		622
Printing		230
Depreciation		108
Merchant Processing Fees		85
Bank Service Charges		65
Automobile		31
Postage and Delivery		10
Total Expenses		381,279
Net Income	$	(156,814)

The accompanying notes are an integral part of the financial statements.

Buff City Soap Franchising, LLC
Statement of Cash Flows
For the Year Ended
31-Dec-18

	2018
OPERATING ACTIVITIES	
Net Income	(156,814)
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:	
Depreciation and Amortization	1,631
Increase in Accounts Receivable	(57,406)
Increase in Other Receivables	(50,000)
Increase in Prepaid Expenses	(7,490)
Increase in Accounts Payable	93,040
Increase in Credit Card Payable	7,477
Increase in Accrued Taxes	1,391
Increase in Accrued Payroll and Payroll Taxes	8,424
Net Cash Used In Operating Activities	(159,747)
INVESTING ACTIVITIES	
Increase in Leasehold Improvements	(3,226)
Increase in Intangible Assets	(44,266)
Increase in Payable - Holding Company	146,530
Net Cash Provided by Investing Activities	99,038
FINANCING ACTIVITIES	
Members' Equity Contribution	100,000
Net Increase in Cash and Cash Equivalents	39,291
Cash and Cash Equivalents, Beginning of Period	
Cash and Cash Equivalents, End of Period	$ 39,291

The accompanying notes are an integral part of the financial statements.

Buff City Soap Franchising, LLC
Notes to Financial Statements
December 31, 2018

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The organization was formed on May 7, 2018 in Delaware as a Domestic Limited Liability Company.

Buff City Soap Franchising, LLC ("The Organization") is a for-profit Delaware Limited Liability Company. It is 100% owned by Buff City Holdings, LLC, which is also a Delaware Limited Liability Company.

The organization serves as the franchisor for various franchisee locations throughout the country.

Tax Status

The Organization is taxed as a partnership.

Method of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization holds cash in three bank accounts at two different banking institutions. At year end, cash consists of the following components:

Checking- Sun Trust Bank	$33,775
Checking – Pinnacle Bank	5,315
Checking- Pinnacle Bank Brand Fund	200
Total Cash	$39,291

Fixed Assets

Fixed assets purchased are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, according to the type of asset.

The Organization's fixed assets consist primarily of Leasehold Improvements

Intangible Assets

The organization incurred costs during their period of formation and have classified them as organizational costs. The organization also has software that has been capitalized.

The organization records amortization of these costs using a straight-line method over the useful lives of the assets, according to the type of asset.

Revenue and Support

The Organization receives revenue from a variety of sources. The classification of each is as follows: Franchise Fees, Royalty Fees, Development Fees, Services Income and Brand Fund Contributions.

Note 2 – Other Assets

The Organization consists primarily of a promissory note from a franchisee. The note represents the development fees that the franchisee is to pay with terms.

Note 3 – Payable to BCS Holdings

The payable to BCS Holdings represents charges paid by BCS Holdings on behalf of The Organization. These expenses primarily represent payroll paid from the BCS Holdings payroll account. Other charges relate to consulting expenses allocated by BCS Holdings to The Organization.

Note 4 – Accrued Taxes

Accrued Taxes represents business taxes, annual report filings, and accrued franchise and excise taxes.

Note 5 – Revenues

The Organization has revenues from five different sources. Franchise Fees represent fees paid to secure franchise locations. Development Fees represent fees for multiple or additional locations. Royalty Fees represent revenue received based on a percentage of sales. Service Fees represent fees agreed upon from prior franchise agreements. Brand Fund Contributions represent fees paid on a percentage-of-sales basis.

Note 6 – Subsequent Events

The Organization evaluated its December 31, 2018 financial statements for subsequent events through May 20, 2019, the date the financial statements were available to be issued.

No subsequent events were noted that required additional reporting.

Buff City Soap Franchising, LLC

Unaudited Financial Statements

Five Month Period Ended May 31, 2021

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Buff City Soap Franchising, LLC
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May 31, 2021

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Statement of Operations — Five Months Ended May 31, 2021 - Unaudited	4
Statement of Member's Equity — Five Months Ended May 31, 2021 - Unaudited	5
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THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Buff City Soap Franchising, LLC
Balance Sheet
As of May 31, 2021
UNAUDITED

	May 31, 2021
ASSETS	
Cash	5,924,511
Accounts receivable	4,778,447
Prepaid and other current assets	174,974
Receivable from affiliates	2,663,940
Total current assets	13,541,872
Property and equipment, net	25,848
Other receivable	489,502
Other assets	1,454,684
Total assets	15,511,906
LIABILITIES AND MEMBER'S DEFICIT	
Accounts payable	409,430
Accrued payroll and payroll taxes	123,730
Accrued commissions	1,273,399
Other current liabilities	10,409
Current deferred revenue	217,152
Current deferred development fees	1,023,032
Total current liabilities	3,057,152
Deferred revenue, net of current portion	2,047,504
Deferred development fees, net of current portion	10,002,655
Total liabilities	15,107,311
Commitments and contingencies	
Member's equity	100,000
Retained earnings	304,595
Total member's equity	404,595
Total liabilities and member's equity	15,511,906

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Buff City Soap Franchising, LLC
Statement of Operations
Five Months Ended May 31, 2021
UNAUDITED

Revenues		
Royalty fees	$	827,247
Brand fund contributions		467,752
Development fees		363,938
Franchise fees		73,771
Other income		49,837
Total revenues		1,782,545
Expenses		
Labor		728,383
Advertising and marketing		293,891
Professional fees		137,984
Travel expenses		109,259
Technology fees		44,827
Other operating		52,476
Total expenses		1,366,820
Net income	$	415,725

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Buff City Soap Franchising, LLC
Statement of Member's Equity
Five Months Ended May 31, 2021
UNAUDITED

	Member's Equity	Retained Earnings (Accumulated Deficit)	Total Member's Equity (Deficit)
Balance at December 31, 2020	$ 100,000	$ (111,130)	$ (11,130)
Net income	—	415,725	415,725
Balance at May 31, 2021	$ 100,000	$ 304,595	$ 404,595

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Buff City Soap Franchising, LLC
Statement of Cash Flows
Five Months Ended May 31, 2021
UNAUDITED

Cash flows from operating activities:		
Net income	$	415,725
Adjustments to reconcile loss to net cash provided by operating activities:		
Depreciation		2,867
Deferred revenue		(437,709)
Deferred contract costs		11,806
Change in operating assets & liabilities:		
Decrease in trade accounts receivable		89,364
Decrease in contract fees receivable		3,688,591
Decrease in prepaids and other assets		306,147
Decrease in other receivables		1,081,353
Increase in accounts payable and accrued liabilities		187,700
Increase in accrued compensation		37,544
Cash provided by operating activities		5,383,388
Cash flows from investing activities:		
Capital expenditures		(10,737)
Net increase in cash and cash equivalents		5,372,651
Cash and cash equivalents at the beginning of the year		551,860
Cash and cash equivalents at the end of the year	$	5,924,511

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Exhibit H
State Administrators and Agents for Service of Process

We intend to register this Disclosure Document as a "license" or "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 or (866) 275-2677 (Toll Free)	**Michigan** Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, Michigan (517) 373-7117	**South Dakota** Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre SD 57501 (605) 773-3563
Hawaii Hawaii Commissioner of Securities State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division – Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**Minnesota** Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	**Virginia** State Corporation Commission, Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051
Illinois Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**New York** New York State Department of Law 28 Liberty St. New York, New York 10005 (212) 416-8211	**Washington** Department of Financial Institutions Securities Division P. O. Box 9033 Olympia, Washington 98507-9033 or 150 Israel Road SW, Tumwater, WA 98501 (360) 902-8760
Indiana Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681	**North Dakota** Office of Securities Commissioner 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712	**Wisconsin** Division of Securities Department of Financial Institutions P. O. Box 1768 Madison, Wisconsin 53701 (608) 266-8559
Maryland Office of Attorney General Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**Rhode Island** Division of Securities 233 Richmond Street, Suite 232 Providence, Rhode Island 02903-4232 (401) 222-3048	

Agents for Service of Process

California:	Commissioner of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95834
Hawaii:	Commissioner of Securities, 335 Merchant St, Room 203, Honolulu, Hawaii 96813
Illinois:	Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706
Indiana:	Indiana Secretary of State, 302 W. Washington Street, Indianapolis, Indiana 46204
Maryland:	Maryland Securities Commissioner, 200 St. Paul Place, Baltimore, Maryland 21202
Minnesota:	Commissioner of Commerce, 85 7th Place East, Suite 280, St. Paul, Minnesota 55101
New York:	New York Secretary of State, One Commerce Plaza, 99 Washington Ave., Albany, New York 12231
North Dakota:	Securities Commissioner, 600 East Boulevard, Fifth Floor, Bismarck, North Dakota 58505
Rhode Island:	Director of the Rhode Island Department of Business Regulation, 233 Richmond Street, Providence, Rhode Island 02903
South Dakota:	Director, Division of Insurance, Securities Regulation, 124 S. Euclid, Suite 104, Pierre, South Dakota 57501
Virginia:	Clerk of the State Corporation Commission, 1300 East Main Street, First Floor, Richmond, Virginia 23219
Washington:	Director of Financial Institutions, P. O. Box 9033, Olympia, Washington 98507; 150 Israel Road SW, Tumwater, WA 98501
Wisconsin:	Administrator, Division of Securities, 345 West Washington Avenue, P.O. Box 1768, Madison, Wisconsin 53701-1768

Exhibit I

Table of Contents of Manuals

Franchisee Manual	
Chapter Title	**Number of Pages**
Preface	15
Introduction	12
Products, Programs & Pricing	11
Financial Management	16
Customer Service	11
Operations	20
Safety and Security	20
Labor Management	42
Marketing	53
Total Pages	200
Brand Standards Manual	
Chapter Title	**Number of Pages**
Introduction	2
Brand Identity	1
Typography	1
Color Palette	1
Graphic Elements	1
Logo Scalability & Spacing	1
Signage	1
Interior Elements	5
Product Packaging	1
Product Display	1
Total Pages	15

Exhibit J

Names and Addresses of Franchisees

Licensee- and Franchisee-Owned Locations as of December 31, 2020

Franchisee	Street	City	State	Zip	Phone
Ingenuity LLC	4745 Chace Circle, #109	Hoover	Alabama	35244	12057775465
Ingenuity LLC	250 Rele St	Mountain Brook	Alabama	35223	12054906842
Desert Made, LLC	21101 North John Wayne Parkway	Maricopa	Arizona	85139	5204157900
Ozarks Soap, LLC	925 Oak Street	Conway	Arkansas	72032	15015046818
Glasspo LLC	208 South Main Street	Jonesboro	Arkansas	72401	8702751550
Ozarks Soap, LLC	5811 Kavanaugh Blvd.	Little Rock	Arkansas	72207	15012149256
Ozarks Soap, LLC	3520 East Race Avenue	Searcy	Arkansas	72143	15012784600
Blue Water Soap Company LLC	6155 S Main St, Suite E-109	Aurora	Colorado	80016	13036275720
Get Fresh BCS LLC	1715 Cape Coral Parkway West, #27	Cape Coral	Florida	33914	2395413902
Buff City Cape Coral LLC	511 South West Pine Island Rd., Unit 106	Cape Coral	Florida	33991	12395497627
Ocean View BCS Corp.	1462 Tiger Park Lane	Gulf Breeze	Florida	32563	8505655262
Buff City SWF, LLC	304 9th Street North	Naples	Florida	34102	2392412122
Chattanooga Soap Makers LLC	91 Parkway Drive	Fort Oglethorpe	Georgia	30742	17069565343
BCS of North Georgia Corp.	5215 Town Center Blvd., Suite 670	Peachtree Corners	Georgia	30092	6783819964
BCS ATL West Inc.	1145 Woodstock Road, Unit 605	Roswell	Georgia	30075	6782428981
Louisville Soap LLC	1005 Jeffersonville Commons Dr.	Jeffersonville	Indiana	47130	8125903564
South Fork Soap Inc	10100 NW 62nd Ave., Suite 101	Johnston	Iowa	50131	15156957164
South Fork Soap Inc	956 Hickman Rd., Suite B	Waukee	Iowa	50263	15156957164
Louisville Soap LLC	1701 North Dixie Highway	Elizabethtown	Kentucky	42701	2703042110
Louisville Soap LLC	1303 US Highway 127	Frankfort	Kentucky	40601	5022197111
Louisville Soap LLC	120 Marketplace Circle, Suite A	Georgetown	Kentucky	40324	5026036131
Louisville Soap LLC	2450 Nicholasville Rd., Suite A	Lexington	Kentucky	40503	8595540404
Louisville Soap LLC	2337 Sir Barton Way, Suite 115	Lexington	Kentucky	40509	18595141414
Louisville Soap LLC	815 East Market Street	Louisville	Kentucky	40207	15026535797
Louisville Soap LLC	4600 Shelbyville Road, Suite 651	Louisville	Kentucky	40207	15026946661
Powell BCS LLC	630 North 12th Street	Murray	Kentucky	42071	2707687016
Today's Soap	7021 Youree Dr.	Shreveport	Louisiana	71105	13182208446

BCS Gulf Coast, LLC	705-A Washington Avenue	Ocean Springs	Mississippi	39564	2283345969
Harbor Financial III LLC	400 South Lamar Boulevard, Suite B	Oxford	Mississippi	38655	16623805005
KSC Holdings, LLC	125 Goodman Road West, Suite E	Southhaven	Mississippi	38671	5677427471
Midwest Soap Makers, LLC	10110 S 15th Street, Suite 104	Bellevue	Nebraska	68123	15314444024
Midwest Soap Makers, LLC	5210 2nd Ave	Kearney	Nebraska	68847	13084551635
Budz & Sudz LLC	7103 Orchard Centre Dr.	Holland	Ohio	43528	5677427471
4 Boys Business LLC	5224 Airline Rd., Suite 115	Arlington	Tennessee	38002	9016166936
Ingenuity LLC	3000 Kirby Whitten Rd., #102	Bartlett	Tennessee	38134	12057309199
BCS Clarksville LLC	920 U.S Hwy.76, Unit 90	Clarksville	Tennessee	37043	9014517151
Harbor Financial II, LLC	3615 S Houston Levee Rd., Suite 102	Collierville	Tennessee	38017	9014577241
Ozarks Soap, LLC	112 West 7th Street	Columbia	Tennessee	38401	9313983755
The Soap Bakerz, LLC	1255 Interstate Dr., Suite 107	Cookeville	Tennessee	38501	19318549087
Ozarks Soap, LLC	102 E Court Street Covington	Covington	Tennessee	38019	9016036636
Chickabee Inc.	124 S Main St Suite D	Dickson	Tennessee	37055	6153751562
Ozarks Soap, LLC	216 South Mill Avenue	Dyersburg	Tennessee	38024	7317349104
Harbor Financial, Inc.	1730 South Germantown Road, Suite 121	Germantown	Tennessee	38138	9014408900
Louisville Soap LLC	203 Anderson Lane North, Suite 105	Hendersonville	Tennessee	37075	6155908500
Chattanooga Soap Makers LLC	568 Northgate Mall Dr., Suite 104	Hixson	Tennessee	37415	14234244316
Ozarks Soap, LLC	1319 Union University Drive Suite E	Jackson	Tennessee	38305	7315131523
The Soap Bakerz, LLC	1708 East Stone Dr., Suite 140	Kingsport	Tennessee	37660	14233901219
The Soap Bakerz, LLC	11277 Parkside Drive	Knoxville	Tennessee	37934	18652884006
The Soap Bakerz, LLC	6631 Clinton Highway, Suite 102	Knoxville	Tennessee	37912	18653625497
Ozarks Soap, LLC	229 South Lindell Street	Martin	Tennessee	38237	7317803192
Ozarks Soap, LLC	8570 U.S. 51	Millington	Tennessee	38053	9013178056
Ozarks Soap, LLC	2615 Medical Center Pkwy, Suite 1500	Murfreesboro	Tennessee	37129	6159396760
Stir & Pour BCS Allen LLC	820 West Stacy Road, #147	Allen	Texas	75013	9728328064
BP&W, LLC	3530 W. University Dr., Suite 302	McKinney	Texas	75071	2149012859
Texas Soap Co., LLC	308 W Walnut St.	St. Celina	Texas	75009	14692023151
Stir & Pour Van Alstyne LLC	136 North Main Drive	Van Alstyne	Texas	75495	14694067007

Franchisees with Franchise Agreements not yet Operational as of December 31, 2020

Franchisee	City	State	Phone
Desert Made LLC	Tempe	AZ	4802196929
Panhandle Soaps LLC	Mary Esther	FL	8503743408
South Fork Soap Inc	Ankeny	IA	5153810124
ChickaBee Inc	Jackson	MS	7695727451
Big Soap LLC	Toledo	OH	4192140331
The Soap Bakerz LLC	Morristown	TN	4238391684
BCS Sulphur Springs LLC	Sulphur Springs	TX	9039190613
Big Sky Makery LLC	Missoula	MT	9014826737
BCS-ATL Holdings LLC	Atlanta	GA	alex.royter@buffcitysoap.com
BC Soap Midwest LLC		OH/FL	suzzane@bcsoapmakery.com
Greater Austin & Hill Country BCS-IMB Investments LLC	Austin	TX	kent.graham@bcs-imbtexas.com
Greater San Antonio BCS-IMB Investments LLC	San Antonio	TX	kent.graham@bcs-imbtexas.com
Central & West Texas BCS-IMB Investments LLC	Odessa	TX	kent.graham@bcs-imbtexas.com
Texas Soapery LLC	Houston	TX	accounting@texassoapery.com
Kansas Soapery LLC	Kansas City	KS	accounting@kansassoapery.com
Third Coast Soap LLC	Detroit	MI	thirdcaostsoapbcsmi@gmail.com
Suds and Shiny LLC	Ft. Worth	TX	cpalively@yahoo.com

Transfers during 2020 Fiscal Year

Franchisee	City	State	Phone	# of Units Transfers
Jeff Collier	Birmingham	AL	901-461-4505	2
BCS on the Go Inc. – Dennis DiSarro	Naples	FL	239-601-5163	2
Trent Sullivan	Jackson	TN	731-414-2982	3

Exhibit K

Commissary Agreement

BUFF CITY SOAP FRANCHISING, LLC
COMMISSARY AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, _____, by and between **BUFF CITY FRANCHISING, LLC**, a _____ Delaware limited liability company ("**Franchisor**") and _____, whose principal address is _____ _____ ("**Franchisee**").

RECITALS

WHEREAS, Franchisor and its affiliates own, operate and franchise the operation of Buff City Soap retail Stores ("**Buff City Store**") in the United States.

WHEREAS, Franchisee has entered franchise agreements and a development agreement with Franchisor for the operation of Buff City Stores in _____ ("**Franchise Agreements**").

WHEREAS; Franchisor's affiliate, Buff City Soap Supply, LLC ("**Buff City Supply**") supplies and distributes certain ingredients, products and supplies necessary for the operation of Buff City Stores (the "**Proprietary Products**") to Buff City Soap franchisees as well as Buff City Soap retail products (the "**Retail Products**") to Buff City Soap customers via its digital commerce channels, all of which are marketed under the Buff City trademark and logo (the "**Marks**").

WHEREAS, Franchisor has developed and owns certain proprietary and confidential information and trade secrets, consisting of formulas, recipes, processes, and techniques (the "**Proprietary Information**") which are used in connection with the produce, processing, sale and distribution of the Proprietary Products and Retail Products.

WHEREAS, Franchisee has applied to Franchisor for the right to purchase the Proprietary Products to produce, sell and distribute certain Retail Products and to use the Proprietary Information and the Marks to supply opening inventory kits ("**Opening Inventory Kits**") to other Buff City Stores through the operation of a commissary ("**Commissary**") and Franchisor has approved Franchisee's operation of a Commissary in reliance upon all of the representations made herein.

WHEREAS, Franchisee acknowledges and agrees that the restrictions on Franchisee contained in this Agreement are necessary to maintain the secrecy of the Proprietary Information and the quality of the Proprietary Products and Retail Products produced and sold under the Marks, and to achieve the successful operation of commissaries.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements and obligations set forth herein, it is hereby agreed as follows:

1. **INCORPORATION OF TERMS OF FRANCHISE AGREEMENTS**.

(a) This Agreement shall amend and supplement the Franchise Agreements. The terms, covenants and conditions of this Agreement are incorporated into the Franchise Agreements, and with respect to any conflict between the Franchise Agreements and this

Agreement, the terms of this Agreement shall be controlling with respect to the subject matter thereof. All initial capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Franchise Agreements.

(b) Except as expressly set forth in this Agreement, the rights, duties and obligations of the parties with respect to the Commissary shall be the same as the rights, duties and obligations of the parties with respect to the Buff City Stores described in the Franchise Agreement.

2. **GRANT OF LICENSE**.

(a) Subject to the terms and conditions contained herein, Franchisor hereby grants to Franchisee a right and license during the term of this Agreement to purchase and use the Proprietary Products to produce, distribute, and sell Opening Inventory Kits to other Buff City Soap stores and certain Retail Products for digital commerce fulfillment, subject to the terms of this Agreement and compliance with Franchisor's standards for digital commerce order fulfillment as prescribed by Franchisor from time to time in the Designated Area of any Buff City Store operated by Franchisee from the following location: _____ ("**Commissary**"). Franchisor shall have the right in its sole discretion to modify the Proprietary Products and Retail Products or add or delete one or more of the items comprising the Proprietary Products and Retail Products upon written notice thereof to Franchisee.

(b) Franchisee shall at all times during the term of this Agreement, own and operate at least three Buff City Stores under Franchise Agreements with Franchisor and shall be and remain in good standing under the terms and conditions of each Franchise Agreement.

(c) Franchisee has obtained Franchisor's written consent to the location of the Commissary in accordance with the standards and specifications prescribed by Franchisor. Such Commissary location shall be dedicated to storing the Proprietary Products purchased from Buff City Supply and producing and distributing the Retail Products pursuant to this Agreement; shall not be shared with any other party or related party businesses, and shall not perform manufacturing, production or fulfilment services for any other products. The Commissary shall not be relocated without the prior written consent of Franchisor.

(d) The Commissary shall be constructed, equipped and maintained in accordance with all applicable federal, state and local laws (including all certifications and licenses for disposal of certain waste products which are deemed hazardous under applicable laws) and in accordance with Franchisor's standards and specifications as prescribed from time to time.

(e) Franchisee shall purchase, install and use during the term of this Agreement the point of sale system ("**POS System**") and inventory ordering system ("Inventory System") prescribed by Franchisor from time to time.

(f) Franchisee shall sell Opening Inventory Kits only to other Buff City Stores and other Retail Products through digital commerce fulfillment only to consumers as specified in this Agreement. No business to business sales or wholesale supply shall be permitted. Franchisor shall prescribe the Retail Products that Franchisee can sell through the Commissary to other Buff City Stores and through the digital commerce process.

(g) This license shall be non-exclusive.

(h) Franchisee shall store the Proprietary Products only at the Commissary location and use the Proprietary Products only in the production of the Retail Products and the Opening Inventory Kits.

(i) Franchisee shall produce, process, package, label, distribute and sell the Retail Products and Opening Inventory Kits only from the Commissary location.

3. **TERM**. The term of this Agreement shall continue in full force and effect as long as Franchisee is in full compliance with this Agreement, including but not limited to, the continued ownership and operation, in good standing, of no less than three Buff City Stores.

4. **DIGITAL SALES**. Franchisee shall sell Retail Products through the Commissary in digital commerce only in accordance with the digital commerce program prescribed by Buff City Supply in the digital commerce program agreement executed by Franchisee and Buff City Supply, and absent such agreement, as set forth in this Section 4. If Buff City Supply receives an order through any of its on-line platforms and the delivery address of the customer is within the Designated Area of one of Franchisee's Franchise Agreements (or within such other area designated under the digital commerce program agreement executed by Franchisee and Buff City Supply), Franchisee shall be offered the first right to accept or reject the digital commerce order in accordance with the time period prescribed by Buff City Supply. If Franchisee accepts such offer, Franchisee shall fulfill such order in accordance with Franchisor's standards and procedures and at the price prescribed by Buff City Supply. If Franchisee does not accept the order, Buff City Supply can assign the order to any other franchisee in the System and Franchisee shall have no right to receive any payment on account of such purchase. Franchisee shall also be provided the right to fulfill digital commerce orders which have not been accepted by other Buff City Stores, regardless of the location of the customer, and Franchisee shall have the right to accept or not accept the fulfillment of such order. If Franchisee accepts any digital order, Franchisee shall immediately fulfill such order and payment shall be collected from the customer by Buff City Supply. Buff City Supply shall remit to Franchisee payment for amounts collected, less taxes, applicable order processing fees and shipping costs in accordance with Buff City Supply's negotiated shipping rates.

5. **SALES TO OTHER BUFF CITY STORES.** Franchisee shall have the right to sell Opening Inventory Kits to other Buff City Stores. Franchisee shall be responsible for insuring that all Opening Inventory Kits meet the standards and specifications prescribed by Franchisor and Buff City Supply and shall have the right to set pricing for such Opening Inventory Kits to other Buff City Stores and shall be responsible for billing and collection of payments and shipping to such Buff City Stores.

6. **ROYALTY**. In consideration of the rights granted to Franchisee hereunder, Franchisee agrees to pay Franchisor a monthly royalty fee in the amount of 8% of the Net Sales of all Retail Products sold by Franchisee through the Commissary under this Agreement; provided, however, that no royalty fee shall be due on the sale of Initial Inventory Kits by Franchisee to Buff City Stores. Such royalty fee shall be payable by the 15th day of each month during the term of this Agreement on the Net Sales of such Proprietary Products, for the previous month.

7. **MANUALS**. Franchisor will loan to Franchisee during the term of this Agreement manuals and/or other materials containing mandatory specifications and standards prescribed from time to time by Franchisor for the operation of a Commissary (the "**Manuals**"). The entire contents of the Manuals will remain confidential and the property of Franchisor. Franchisor shall have the right to add to and otherwise modify the Manuals from time to time, if deemed necessary by Franchisor to improve the standards of service or product quality or to protect or maintain the goodwill associated with the Mark. The provisions of the Manuals as modified from time to time and mandatory specifications, standards and operating procedures and rules prescribed from time to time by Franchisor and communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications, standards and operating procedures and rules.

8. **PRODUCTION AND FORMULAE**.

(a) Franchisee agrees to produce the Retail Products and Opening Inventory Kits in strict compliance with the formulae, methods of producing and processing, standards of quality and sanitation and other instructions which shall be furnished by Franchisor to Franchisee. Franchisor reserves the right to change such formulae, methods of production and processing and instructions with respect to quality and sanitation by giving written notice to Franchisee of such change.

(b) Franchisee agrees that all Proprietary Products and other raw materials and component ingredients used in the production and processing of the Proprietary Products and all other packaging, labeling, materials and supplies used in the distribution and sale of the Products shall conform to the specifications and quality standards prescribed by Franchisor and where available, shall be purchased from Buff City Supply pursuant to a supply agreement executed between Buff City Supply and Franchisee or other suppliers approved by Franchisor.

(c) Franchisor shall have the right at any reasonable time during business hours to inspect the facilities, equipment, Proprietary Products and other component ingredients, raw materials, packaging and labeling utilized by Franchisee in the production, processing, packaging, labeling, distribution and sale of the Retail Products and Opening Inventory Kits and to test the Retail Products and Opening Inventory Kits to determine Franchisee's compliance with the specifications and quality standards prescribed by Franchisor. Franchisor may in its sole discretion require Franchisee to submit for examination and testing by Franchisor the Retail Products and Opening Inventory Kits produced by

Franchisee or any of the component ingredients and raw materials used in the produce or distribution of the Retail Products not purchased from Buff City Supply.

9. **TRAINING OF FRANCHISEE PERSONNEL**. Franchisor shall furnish at Franchisee's expense, training to designated managerial and production personnel of Franchisee in the production, processing, packaging, labeling, storage, handling and delivery of the Retail Products and Opening Inventory Kits as Franchisor deems necessary and Franchisee agrees to furnish such personnel for all such training prior to the opening of the Commissary and throughout the term of this Agreement.

10. **PERFORMANCE OBLIGATIONS OF FRANCHISEES**. Franchisee agrees that it will maintain in inventory all the Retail Products authorized by Franchisor from time to time in sufficient quantities to fulfill the requirements of the Buff City Stores in Franchisee's Designated Areas. To achieve these objectives, Franchisee agrees:

(a) To maintain at all times an adequate inventory of Proprietary Products and approved packaging labeling, component ingredients, raw materials and other supplies required for the Retail Products to enable it to fill the demand therefor promptly and efficiently;

(b) To employ an adequate organization of well-qualified production personnel; and

(c) To sell the Opening Inventory Packages to Buff City Stores at competitive prices.

11. **PACKAGES AND LABELS**. In order to ensure that all Retail Products are sold and distributed in packaging of high quality and proper design and in a uniform appearance, Franchisee agrees to label and package the Retail Products in strict conformity with Franchisor's instructions as to order of design, labeling, physical composition and size. Franchisor may from time to time alter its labeling and/or packaging instructions and specifications, and Franchisee hereby agrees to conform therewith. Franchisee shall not use any such label or package or packaging elements in any manner or for any purpose except as authorized hereunder.

12. **CONFIDENTIALITY OF PROPRIETARY INFORMATION**. Franchisee acknowledges and agrees that:

(a) The relationship between Franchisor and Franchisee is a confidential relationship and, therefore, any disclosures of the Proprietary Information made by Franchisor during any discussions relating to this Agreement or the relationship contemplated hereby and any disclosures of the Proprietary Information made by Franchisor pursuant to the terms of this Agreement were and are made to Franchisee and his employees in confidence;

(b) Franchisee will not acquire any interest in the Proprietary Information, other than the right to utilize it during the term of this Agreement strictly in accordance with its provisions; and

(c) The Proprietary Information constitutes a trade secret of Franchisor.

Accordingly, Franchisee agrees that he:

(a) Will not use the Proprietary Information beyond the scope of this Agreement or in any other business or capacity;

(b) Except as otherwise expressly permitted under this Agreement, will maintain the absolute confidentiality of the Proprietary Information during the term of this Agreement;

(c) Will not make copies of any portion of the Proprietary Information disclosed in written form; and

(d) Will adopt and implement all reasonable procedures prescribed from time to time by Franchisor (in addition to those specified in this Agreement) to prevent unauthorized use or disclosure of the Proprietary Information.

13. **THE MARKS**.

(a) Franchisee acknowledges that Franchisor's Affiliate is the owner of the Marks that Franchisee has no proprietary interest whatsoever in the Marks and that Franchisee's right to use the Marks are derived solely from this Agreement. Franchisee agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of Franchisor or Franchisor's Affiliate and Franchisee acknowledges that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee.

(b) The Marks shall be used exclusively by Franchisee in connection with the production, processing, distribution and sale of the Retail Products in accordance with specifications and standards prescribed by Franchisor.

(c) Franchisee shall not use the Marks as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use the Marks in connection with the sale of any unauthorized goods or services or in any other manner not expressly authorized in writing by Franchisor.

(d) Franchisee shall notify Franchisor immediately in writing of any apparent infringement of or challenge to Franchisee's use of the Marks, or claim by any person of any rights in the Marks or any similar trade name, trademark, service mark or commercial symbol of which Franchisee becomes aware. Franchisee shall not communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to the Marks.

14. **RECORDS AND REPORTS/INTEREST ON LATE PAYMENTS**.

(a) Franchisee shall establish and maintain a bookkeeping and record keeping system with respect to the produce, processing, sale and distribution of the Retail Products conforming to the requirements prescribed by Franchisor.

(b) Franchisee shall furnish to Franchisor on forms approved by Franchisor within ten days after the end of each month a report of sales of the Retail Products for such month and such other information and supporting records as Franchisor requires. All such reports and information shall be signed and verified by Franchisee.

(c) If any payment due Franchisor hereunder or under any other agreement between Franchisor and Franchisee is not paid, Franchisee shall pay to Franchisor, in addition to the overdue amount, interest on such amount from the due date until paid, at the interest rate of 1.5% per month, or the maximum rate permitted by applicable law, whichever is lower. Entitlement to such interest shall be in addition to any other remedies Franchisor shall have.

15. **INSPECTIONS**. To determine whether Franchisee is complying with this Agreement, Franchisor shall have the right at any time during business hours, and without prior notice to Franchisee, to inspect the Commissary or the location at which books, records or accounts of Franchisee's business are maintained. Franchisor and its agents shall also have access at all times to the Franchisee's production records, production formulae and procedure records for the Retail Products and Opening Inventory Kits. Franchisee shall fully cooperate with representatives of Franchisor making any such inspection.

16. **INDEMNIFICATION/INSURANCE**.

(a) Franchisor and Franchisee are independent contractors. Franchisor shall not be obligated by any agreements, representations or warranties made by Franchisee nor shall Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the operation of Franchisee's business.

(b) Franchisee agrees to indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs or expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with the operation of the Commissary or the operation of Franchisee's. business under this Agreement. The foregoing indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

(c) Franchisee shall at all times during the term of this Agreement maintain in force, at its sole expense, comprehensive public liability and product liability insurance against claims for bodily and personal injury, and death caused by or occurring in

conjunction with the operation of Franchisee's business by Franchisee pursuant to this Agreement. Such insurance coverage and limits shall be prescribed from time to time by Franchisor. All such insurance policies shall be issued by an insurance carrier or insurance carriers acceptable to Franchisor. All such liability insurance policies shall name the Franchisor and its successors and assigns as additional insureds and shall provide that Franchisor will receive 30 days' prior written notice of termination, expiration, cancellation, modification or reduction in coverage of any such policy.

(d) Upon 30 days' prior notice to Franchisee, Franchisor may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

(e) Franchisee shall submit to Franchisor, on or before the end of each fiscal year of Franchisee or such other date designated by the Franchisor, a copy of the certificate or other evidence of the renewal or extension of each such insurance policy. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor on demand, any costs and premiums incurred by Franchisor.

(f) Franchisee's obligation to obtain and maintain the insurance described herein shall not be limited in any way by reason of any insurance maintained by Franchisor, nor shall Franchisee's performance of such obligations relieve Franchisee of his indemnities contained herein.

17. **ASSIGNMENT**.

(a) This Agreement is fully assignable by Franchisor and shall inure to the benefit of any assignee(s) or other legal successor(s) to the interest of Franchisor.

(b) Franchisee understands and acknowledges that this Agreement reflects a confidential relationship, that the rights and duties created by this Agreement are personal to Franchisee or its owners and that Franchisor has granted this license in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee or its owners. Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of Franchisee (in the event Franchisee is a corporation or a partnership) may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, sublicensed or otherwise transferred by Franchisee or its owners (including, without limitation, by merger or consolidation, by issuance of additional securities representing an ownership interest in Franchisee, or in the event of the death of Franchisee or an owner of Franchisee, by will, declaration of or transfer in trust or the laws of intestate succession) without the prior written approval of Franchisor, and any such assignment or transfer without such approval shall constitute a breach hereof and

conveys no rights to or interests in this Agreement. For the sake of clarity, Franchisee may not assign this Agreement except in connection with the approved transfer and assignment of the Buff City Soap Franchise Agreements for at least three Buff City Soap stores operated by Franchisee.

18. **TERMINATION OF THIS AGREEMENT BY FRANCHISOR**. Franchisor shall have the right to terminate this Agreement effective upon delivery of notice of termination to Franchisee, if Franchisee:

(i) fails to comply with any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor, or to timely pay any amounts due Franchisor or its affiliates, and does not correct such failure within fifteen days after written notice of such failure to comply is delivered to Franchisee; or

(ii) fails on two or more separate occasions within any twelve consecutive-month period to submit when due, reports or other data, information or supporting records, to pay when due the advertising contributions, amounts due Franchisor or its affiliates, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee.

(iii) Franchisee fails to continue to own and operate at least three Buff City Stores in good standing at all times.

(iv) The termination or expiration of any Franchise Agreement, by and between by and between Franchisor and Franchisee.

19. **EFFECTS OF TERMINATION OR EXPIRATION**.

(a) Franchisee agrees to pay to Franchisor within fifteen days after the effective date of termination or expiration of this Agreement such royalty fees and all other amounts owed to Franchisor and its affiliates which are then unpaid (plus any interest due thereon). Franchisee shall contemporaneously with such payment furnish a complete accounting of all such amounts owed to Franchisor and its affiliates.

(b) Franchisee agrees that after the termination or expiration of this Agreement he will:

(i) not directly or indirectly at any time or in any manner identify himself or any business as a current or former Franchisee of or as otherwise associated with Franchisor, or use the Marks or any colorable imitation thereof in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor;

(ii) remove any and all Commissary signs and return to Franchisor all Manuals, catalogues, forms, invoices and other materials containing the Marks;

(iii) furnish to Franchisor within 30 days after the effective date of termination or expiration evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations.

(c) Franchisee agrees that upon termination (for whatever reason) or expiration of this Agreement, he will: (i) immediately cease to use in any business or otherwise the Proprietary Information; (ii) maintain the absolute confidentiality of the Proprietary Information; and (iii) return to Franchisor all written or other recorded materials which in any manner embody or describe the Proprietary Information.

(d) Upon expiration or termination of this Agreement for any reason, Franchisor shall have the option, exercisable for a period of 30 days, to purchase the assets of Franchisee's Commissary operation(s), including without limitation, all equipment, inventory and leasehold interests. The purchase price for the assets shall be their fair market value, exclusive of any good will, provided that Franchisor may exclude from the assets purchased any brands of products that it has not theretofore approved as its meeting quality or performance standards. If Franchisor and Franchisee are unable to agree on the fair market value, the fair market value shall be determined by an independent appraiser selected by the Franchisor and Franchisee, and if they are unable to agree on an appraiser, the Franchisor and Franchisee shall each select one appraiser, who shall select a third, and the majority of such appraiser shall determine such value. At the closing of the purchase and sale, Franchisee shall deliver the assets to Franchisor free and clear of all liens, charges and encumbrances.

In the event that Franchisee shall own the real property within which the Commissary is located, Franchisor shall have the option to purchase said property. The purchase price shall be the fair market value of same as determined by an independent appraiser who shall have been selected by two other independent appraisers, one of whom shall have been selected Franchisee and one of whom shall have been selected by the Franchisor. The purchase price shall be payable in full at the closing minus customary prorations including the pay-off of existing mortgage liens.

20. **CONSTRUCTION/ENFORCEMENT**.

(a) Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto, otherwise upon Franchisee's receipt of a notice of non-enforcement thereof from Franchisor. Where there is a conflict between the terms of this Agreement, a Buff City Soap Franchise Agreement between Franchisee and Franchisor, and/or a supply agreement or digital commerce agreement (if applicable) between Franchisee and Buff City Supply,

the following order of precedence will apply: first, the Buff City Soap Franchise Agreement; second, this Agreement; third, the supply agreement; and fourth, the digital commerce agreement.

(b) Franchisor may by written instrument unilaterally waive or reduce any obligation of or restriction upon Franchisee under this Agreement, and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon Franchisor 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 Franchisor's prior approval or consent, Franchisee shall make a timely written request therefor, and such approval shall be obtained in writing.

(c) Franchisor makes no warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by granting any waiver, approval or consent to Franchisee, or by reason of any neglect, delay or denial of any request therefor. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten days' prior written notice.

(d) Franchisor and Franchisee 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 terminate 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 Franchisor or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by Franchisor to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Franchisees of Franchisor; or the acceptance by Franchisor of any payments due from Franchisee after any breach of this Agreement.

(e) Franchisee agrees that he will not, on grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder, withhold payment of any royalty fees, amounts due to Franchisor or its affiliates for purchases by Franchisee or any other amounts due Franchisor or its affiliates.

(f) Nothing herein contained shall bar Franchisor's or Franchisee's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee acknowledges that the Proprietary Information is special and unique and that damages cannot compensate in the event of a breach of violation of the non-disclosure and other covenants contained in this Agreement, and that injunctive relief is essential for the protection of Franchisor and its successors and assigns. Accordingly, Franchisee agrees that Franchisor 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, and the sole remedy of Franchisee, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

(g) The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

(h) If a claim for amounts owed by Franchisee to Franchisor or its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees.

(i) This Agreement shall be governed by the laws of the State of Texas.

(j) 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 Franchisee and Franchisor.

(k) The preambles 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 Franchisor and Franchisee relating to the subject matter of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the latest franchise disclosure document that Franchisor provided to Franchisee. Except as otherwise expressly provided herein, 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. 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. The term "Franchisee" as used herein is applicable to one 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 or more persons are at any time Franchisee hereunder, their obligations and liabilities to Franchisor shall be joint and several. References to "Franchisee" and "assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the assignee, if Franchisee or the assignee is a corporation or partnership.

(l) This Agreement may be executed in multiple copies, each of which shall be deemed an original.

(m) Time is of the essence of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed, sealed and delivered this Agreement on the day and year first above written.

BUFF CITY SOAP FRANCHISING, LLC

By:_____

Title:_____

_____

By:_____

STATE EFFECTIVE DATES

The following states require that the 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 Disclosure Document is either registered or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Registration Date
California	July 23, 2021, as amended [Pending]
Hawaii	[Pending]
Illinois	August 10, 2021, as amended [Pending]
Indiana	July 21, 2021, as amended [Pending]
Maryland	Pending
Michigan	July 16, 2021, as amended [Pending]
Minnesota	Pending
New York	Pending
North Dakota	August 16, 2021, as amended [Pending]
Rhode Island	July 22, 2021, as amended [Pending]
South Dakota	July 22, 2021, as amended [Pending]
Virginia	Pending
Washington	Pending
Wisconsin	July 21, 2021, as amended [Pending]

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

This disclosure document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Buff City Soap Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires that we provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Buff City Soap Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit H to this disclosure document).

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	**Principal Business Address**	**Telephone Number**
Craig Kessler	2718 Fairmount St, Dallas, TX 75201	1-844-GET SOAP
Fredric Smith	2718 Fairmount St, Dallas, TX 75201	1-844-GET SOAP

Issuance date: July 16, 2021, as amended October 29, 2021

I received a disclosure document dated July 16, 2021, as amended October 29, 2021. The disclosure document included the following Exhibits:

Exhibit A Franchise Agreement including forms of Automated Clearing House Payment Authorization; Guaranty and Restriction Agreement; Management Confidentiality and Non-Competition Agreement; Lease Rider; Franchise Agreement Addenda Required by Certain States; Receipt of Manuals and Confidentiality Agreement;
Exhibit B Area Development Agreement
Exhibit C Disclosure Acknowledgment Addendum
Exhibit D Form of General Release
Exhibit E Form of Non-Disclosure and Non-Use Agreement
Exhibit F Disclosure Document Addenda Required by Certain States
Exhibit G Financial Statements
Exhibit H State Administrators and Agents for Service of Process
Exhibit ITable of Contents of Manuals
Exhibit J Names and Addresses of Franchisees
Exhibit K Commissary Agreement

Dated:_____ _____

Individually and as an Officer

_____

Printed Name

of_____

(a_____Corporation)

(a_____Partnership)

(a_____Limited Liability Company)

[Keep this page for your records]

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Dated:_____ _____

Individually and as an Officer

_____

Printed Name

of_____

(a_____Corporation)

(a_____Partnership)

(a_____Limited Liability Company)

[Sign and return this page]