FRANCHISE DISCLOSURE DOCUMENT

Club Cat Franchising LLC
a Texas limited liability company
1360 Reynolds Avenue, #120
Irvine, California 92614
Phone: (310) 245-6210
franchising@clubcatusa.com
www.clubcatfranchising.com

You will operate a boutique, luxury, cat-only hotel under the name "CLUB CAT" ("Hotel") featuring spacious cat care suites, webcams, and a variety of resort-like services designed to pamper cats and reassure cat owners.

The total investment necessary to begin operation of a CLUB CAT franchise ranges from $~~280,150~~302,660 to $~~363,775~~439,265. This includes $~~45~~35,000 that must be paid to the franchisor or an affiliate. ~~The total investment necessary~~If you are acquiring the right to ~~begin operation of multiple CLUB CAT franchises~~open two or more locations under our development agreement, instead of paying us the $35,000 initial franchise fee for one location you will pay to us, as a development ~~program ranges from $547,300 to $710,050 (two Hotels), $814,450 to $710,050 (three Hotels), and an additional $267,150 to $346,275~~fee, 100% of the initial franchise fee for each ~~additional~~ Hotel~~.~~ you commit to develop, including $25,000 for your first Hotel and then $20,000 each for your second and subsequent Hotels.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Shana Martin~~, Manager,~~ at 1360 Reynolds Avenue, #120, Irvine, California 92614, (310) 245-6210.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Franchise 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.

Date of Issuance: ~~May 12, 2023~~February 14, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about an outlet's 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 H.
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 F 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 CLUB CAT 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 has been involved in material litigation or bankruptcy proceedings.
What's it like to be a CLUB CAT franchisee?	Item 20 or Exhibit H 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 F.

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

Special Risk(s) to Consider About *This* Franchise

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

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

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.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, we refer to Club Cat Franchising, LLC, the franchisor, as "we," "us," or "our," and to the person buying the franchise, the franchisee, as "you" or "your." If the franchisee is a corporation, limited liability company, partnership, or other legal entity, the term "you" does not include the entity's owners, unless otherwise stated. As described in Item 15, the franchisee's "Owners" must sign an Owner Agreement and agree to be personally bound to the franchise agreement.

The Franchisor any Parents, Predecessors, and Affiliates

We are a Texas limited liability company formed on January 6, 2023. We do business only under our corporate name and the name "Club Cat." We maintain our principal business address at 1360 Reynolds Avenue, #120, Irvine, California 92614. Our agents for service of process are identified in Exhibit C. We have no predecessor or parent company, and none of our affiliates currently offer franchises or provide products or services to our franchisees.

We have been offering franchises of the type described in this disclosure document since May 2023, and have never offered franchises in any other line of business. We have never operated a business of the type described in this disclosure document, however, our affiliate, Club Cat, LLC ("CC LLC") has been operating a similar business in Irvine, California since 2019. CC LLC also owns our trademarks and other intellectual property and has granted us a license to use them and to license them to our franchisees. CC LLC has never offered franchises in any line of business and does not engage in any other business activities.

Description of Franchise

We franchise the operation of a boutique, luxury, cat-only hotel using our proprietary business format and operating system (our "System"), our proprietary trademarks and trade dress (collectively, our "Marks") and other of our intellectual property (each a "Hotel"). Each Hotel features clean, climate-controlled suites comprised of three walls and a glass door with a metal mesh ceiling for open air flow (each a "Suite"), and amenities such as private beds and webcam that can be accessed 24/7/365 by customers in any part of the world. Our services include cuddle and play time, visual stimulation, and frequent cleaning. You will operate the Hotel according to the terms of our franchise agreement (see Exhibit D), and our standards, specifications, policies, and procedures, which we share with you periodically.

We also offer qualified candidates the right to develop multiple Hotels in a geographically protected area ("Development Area") according to the terms of our ~~area~~ development agreement (see Exhibit E). If we award you area development rights, you will develop multiple Hotels in the Development Area according to a mutually agreed on timeline. You will sign a separate franchise agreement for each Hotel. The franchise agreement for the first Hotel will be the form attached as Exhibit D. The franchise agreement for each additional Hotel will be the form that we are offering to new franchisees at the time the franchise agreement is signed, which may be materially different from our current form attached as Exhibit D.

Market and Competition

The market for cat-specific boarding services is fairly mature. However, the market for cat-only, luxury boarding services with spacious suites and amenities is still developing and very much in demand. Your Hotel will compete with mainly private businesses offering general (i.e., non-luxury) pet boarding services as well as cat-specific boarding, which traditionally utilizes cages or commingled open spaces, which increases risk. Your Hotel also will compete with in-home pet sitting services and veterinarians and pet clinics that offer boarding services. The cat-boarding business is somewhat seasonal, but in demand nine to 10 months out of the year. It is in extremely high demand during holidays and summer months when families typically travel.

Industry Regulations

We are not aware of any federal industry-specific laws that apply to the operation of a Hotel. But there are state and local laws and regulations that apply to pet boarding businesses. Requirements may include obtaining a permit or registration and requiring and maintaining records concerning cat immunizations. There also may be state or local laws affecting the build-out of the Hotel, specifically relating to ventilation, odor control, drainage, and the composition or surface areas for cleaning and sanitation purposes. Laws may also govern the way food is stored to avoid infestation, and disposal of food, pet waste, and cleaning supplies. The Franchised Business also will be subject to all laws and regulations that apply to businesses generally. We recommend that you investigate the laws of your jurisdiction before purchasing a franchise.

ITEM 2
BUSINESS EXPERIENCE

Shana Martin: Manager and President

Shana Martin has served as our Manager since our inception in January 2023. Ms. Martin also has served as President and "Chief Cat Officer" of our affiliate, CC LLC, since December 2017. Ms. Martin has served as Chief Executive Officer at Martin Strategic Prose, located in Orange, California, since June 2016.

Sean Martin~~,~~: Chief Financial Officer

Sean Martin has served as our Chief Financial Officer since our inception in January 2023. Mr. Martin has also served as Manager, FP&A at Foundation Building Materials located in Santa Ana, California, since January 2016.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

When you sign the franchise agreement, you will pay to us a nonrefundable initial franchise fee. The initial franchise fee for the development of your first Hotel is $~~45,000 if~~35,000. The initial franchise fee for a second or subsequent Hotel is $30,000. If, however, you ~~are developing a single Hotel. If you sign an area~~enter into a development agreement ~~and~~ with us under which you commit to ~~develop~~the development of at least two Hotels, ~~the~~your initial franchise fee for the first Hotel will be $~~45~~25,000~~, and the initial franchise fee~~ for the ~~second~~first Hotel and $20,000 for each additional Hotel ~~will be discounted to $35,000.~~developed under the terms of your development agreement. The initial franchise fee is nonrefundable and, except as described above, is uniform for all franchisees.

Development Fee

If we award you multi-unit development rights, you will sign our ~~area~~ development agreement and pay us a development fee. The development fee is calculated as the sum of $~~45~~25,000 for the first Hotel plus $~~17,500~~20,000 for each additional Hotel to be developed. When you sign the ~~area~~ development agreement, you also will sign a franchise agreement for the first Hotel to be developed. At that time, we will credit $~~45~~25,000 of your development fee payment to fully satisfy the $~~45~~25,000 initial franchise fee due under the franchise agreement. When you get ready to develop your second Hotel, you will sign the form of franchise agreement we are offering to new franchisees at that time, except that the initial franchise fee will

be fixed at $3520,000. We and we will credit $17,500an additional portion of your development fee payment to partiallyfully satisfy the $35,000 initial franchise fee due under that agreement, and you will pay us the $17,500 balance at that time.. The same process will apply to additional Hotels developed under the area development agreement. The development fee is nonrefundable and is calculated uniformly for all franchisees.

For Hotels Located in the State of California

If your Hotel(s) will be located in the State of California, your obligation to pay the initial franchise fee and any development will be deferred until we have met our pre-opening obligations and the Hotel is open for business. See the state appendix at the end of this disclosure document for more information about the fee deferral.

Extended Term Fee

If you are purchasing an existing Hotel from a system franchisee, you will enter into a new Franchise Agreement with us for the balance of the term remaining in the selling franchisee's franchise agreement. If, however, you would like to purchase a longer term, not to exceed a total of ten years for the extension of an initial term and five years for the extension of a renewal term, at the time you enter into the Franchise Agreement, you will pay to us an extended term fee calculated as the initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of the additional term being purchased. The extended term fee is due to us on your execution of the Franchise Agreement, uniformly applied, and is nonrefundable on payment.

ITEM 6
OTHER FEES

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of Gross Revenue	WeeklyMonthly	See Note 2 for a definition of "Gross Revenue."
Brand Development Fund ContributionMarketing Fee	Currently 1Up to 2% of Gross Revenue; may be increased, but will not exceed 2% of annual Currently, 0% of Gross Revenue	WeeklyMonthly	See Item 11Note 2 for more information about the Brand Development Fund.a definition of "Gross Revenue."
Local Advertising	2% of Gross Revenue	Annually	See Item 11 for more information about your local advertising requirements.
Grand Opening and Initial Marketing Campaign	$32,000 to $64,000	Grand opening must be held within seven days after Hotel opening; initial marketing campaign occurs before and during the 30-day period after the Hotel opens	You must spend at least this amount on a grand opening and initial marketing campaign to promote the opening of your Hotel.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Additional Training	Currently $500 per day, plus reimbursement of our representative's related travel, lodging, and dining costs	Before training	
Late Fee/Interest	$150 late fee plus interest on the paid amount calculated at 18% per year or the highest interest rate permitted by the jurisdiction in which the Hotel is located, whichever is less. The maximum interest rate in California is 10% annually.	Upon demand	Payable only if you fail to make required payments by the applicable due date.
Audit Costs	Cost of audit	Upon demand	Audit costs must be reimbursed only if the audit was necessary because of your failure to report to us or the audit shows an understatement of any amount required to be reported to us by 2% or more.
Indemnification	An amount equal to the value of all losses and expenses that we incur	Upon demand	Payable only if we are held liable for acts or omissions related to your Hotel operations.
Supplier Testing Costs	Reimbursement of our actual costs	Upon demand	Payable only if you request approval of a new supplier.
Renewal Fee	$~~7,500~~5,000	Before renewal	
Transfer Fee (payable if you are an individual transferring to a business entity for convenience of operation)	$1,000	Before transfer	Payable under the Franchise Agreement and Development Agreement.
Transfer Fee (payable if your owners are transferring among themselves or transferring a minority ownership interest to one or more third parties)	$5,000, plus reimbursement of our actual costs (including reasonable attorneys' fees and broker costs)	Before transfer	Payable under the Franchise Agreement and Development Agreement.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
~~Transfer Fee~~Transfer Fee (payable if you are assigning your interest in the Franchise Agreement, transferring all or substantially all of the assets of the Hotel, or your owners are transferring a controlling interest)	~~$~~50% of ~~our~~ then-current initial franchise fee ~~(~~if transferring to ~~transfer the Franchise Agreement) or~~an existing franchisee; 75% of then-current initial franchise fee if transferring to a new franchisee, plus reimbursement of our costs (including reasonable attorneys' fees and broker costs); $20,000 ~~(~~to transfer the Development Agreement~~)~~	Before transfer	
Point of Sale System	Currently, $170 to $190 per month	Monthly	This is the current license fee that may be paid to us or directly to our point of sale system provider.
Webcam Monitoring Application	Currently, $209 per month	Monthly	
QuickBooks Online	Currently, $30 to $200 per month	Monthly	
Payroll Services Provider	Currently, $230 to $333 per month	Monthly	
Technology Fee	Currently $0	As and if imposed	We reserve the right to impose a reasonable technology fee. See Item 11 for more information.

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Liquidated Damages (Early Termination)	(i) your average monthly Royalty Fee plus your average monthly Marketing Fee due for the last 12 months (or, if less, the period the Hotel has been open) before your termination, (ii) multiplied by the lesser of 36 or the number of months remaining in the then-current term of the Franchise Agreement, and (iii) discounted to present value.	Upon demand	Payable only if you prematurely close the Hotel or if we terminate the Franchise Agreement on account of your material breach.
Liquidated Damages (Breach of Confidentiality)	$15,000 per breach	On receipt of written notice	Only imposed if you disclose our trade secrets or other confidential information relating to the franchise system or operations manual.

Note 1. All fees in this Item 6 are uniformly imposed by and are payable to us. All fees are nonrefundable.

Note 2. "Gross Revenue" means the total of all revenue and receipts derived from the operation of the Franchised Business, including receipts from the sale of products and services. "Gross Revenue" does not include revenue received from the sale of gift cards but the redemption value will be included in "Gross Revenue" when the gift card is redeemed. "Gross Revenue" also does not include the amount of any sales or similar tax that is added to the selling price and actually paid to the taxing authority. For purposes of calculating the royalty and other percentage-based fees, the amount of any customer refunds may be deducted from "Gross Revenue" if the charge was previously included in "Gross Revenue."

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement (Single Hotel)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$45,000	Lump sum	When you sign the Franchise Agreement	Us
Leasehold improvements[2]	$195,900 to $304,100	As incurred	As arranged	Independent contractors

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Lease deposit and first month's rent[3]	$4,000 to $10,000	Per ~~Lease~~lease	Monthly	Landlord
Artwork décor[4]	$7,200 to $9,200	As incurred	Before opening Hotel	Designated vendors
~~Grooming Equipment[4])~~ Furniture[5]	$~~2504~~,700 to $~~750~~6,500	~~Lump Sum~~As incurred	~~Prior to~~Before opening ~~Franchised Business~~Hotel	Suppliers~~, us~~ or designated vendors
Boarding ~~Equipment[4]~~ equipment	$2,600 to $4,000	~~Lump Sum~~As incurred	~~Prior to~~Before opening ~~Franchised Business~~Hotel	Suppliers, us, or designated vendors
~~Office and Computer Equipment[4]~~Operating equipment[6]	$~~3,000~~4,100 to $4,~~000~~900	~~Lump Sum~~As incurred	~~Prior to~~Before opening ~~Franchised Business~~Hotel	Suppliers, us, or designated vendors
Technology[7]	$4,900 to $6,565	As incurred	Before opening Hotel	Suppliers, us, or designated vendors
~~Signage[5]~~Signage[8]	$~~1,000~~500 to $3,000	As ~~Invoiced~~incurred	~~Prior to~~Before opening ~~Franchised Business~~Hotel	Suppliers, us, or designated vendors
Initial ~~Supplies~~supplies and ~~Inventory[6]~~inventory[9]	$~~1,500~~2,600 to $2,~~500~~700	~~Lump Sum~~As incurred	~~Prior to~~Before opening ~~Franchised Business~~Hotel	Suppliers, us, or designated vendors
Legal ~~fees[7]~~fees[10]	$4,000 to $5,000	As ~~Invoiced~~incurred	~~Prior to~~Before opening ~~Franchised Business~~Hotel	Suppliers, us, or designated vendors
Travel, lodging and meals for initial ~~training[8]~~training[11]	$~~3~~1,000 to $7,500	As ~~Incurred~~incurred	As incurred	Airlines, hotels and restaurants
Business licenses, permits, etc. (for first year)[9]~~[12]~~	$300 to $500	As ~~Incurred~~incurred	As arranged	Various agencies
Utility deposits and expenses for 3 months	$3,000 to $5,000	~~Lump Sum~~As incurred	As arranged	Suppliers
~~Insurance[10]~~Insurance (for first three months)[13]	$~~3,000~~860 to $~~4,000~~1,300	As ~~Invoiced~~incurred	As arranged	Independent carriers
Grand opening ~~advertising[11]~~advertising[14]	$~~3~~2,000 to $~~6~~4,000	As ~~Incurred~~incurred	As arranged	Suppliers
Additional working capital funds – 3 ~~months[12]~~months[15]	$~~35~~30,000	As ~~Incurred~~incurred	As arranged	Various vendors

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
TOTAL	~~$280,150~~$302,660 to $439,265	~~$363,775~~		

Development Agreement
And Estimated Initial Investment for a Single Hotel

If you sign a development agreement, we anticipate that the initial investment for each Hotel will be the same as for a single Hotel, except that the initial franchise fee for your first Hotel will be $25,000 and $20,000 for your second and subsequent Hotels and you will not incur initial training costs. In addition, if you require additional on-site assistance beyond your first Hotel, you must pay our then-current fee and reimburse us for our expenses

The following chart reflects the estimated initial investment for the second and each additional Hotel developed under a development agreement.

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee[1]	$65,000 (for three franchisees)	Lump sum	When you sign the Development Agreement	Us
Estimated Initial Investment Range (for a single Hotel)	$267,660 to $404,265	As incurred	As arranged	Various vendors
TOTAL	$332,660 to $469,265			

Notes:

1) See Item 5 for more information about initial fees and available discounts. The initial franchise fee ~~is~~and development fee are nonrefundable.

2) Your actual cost of leasehold improvements will depend on a number of factors including the size and layout of the leased space, the amount and type of renovations required, and local costs for material and labor. The figures in the chart do not account for any tenant improvement allowance that your landlord may provide.

3) The estimated security deposit and lease payments for the first month's rent assume that you are leasing 1,500 to 2,000 square feet in an industrial or mixed-use center under a triple net lease. The figures in the chart assume base rent ranging from $1.04 per square foot to $5.24 per square foot (using per month costs). These figures do not include pass-through real estate taxes, insurance, and common maintenance charges, which can range from approximately 30 cents per square foot to $2.25 per square foot or more (using per month costs). Rental rates vary significantly based on location and property type. You should investigate the availability and cost of commercial real estate in your area before signing a franchise agreement. If you lease retail space your costs will be much higher.

4) These figures include the various artwork you will purchase from us or per our specifications and install at the Hotel, including famed art prints, vinyl decals of our proprietary artwork and installation costs, front door signage, and logo branding for the reception wall.

5) You will furnish the Hotel per our standards and specifications, including the items included in these figures such as accent chairs and table, light fixtures, certain décor items, shelving for retail items, mirrors, cat beds, and cat shelves for suites.

6) These figures include such items as appliances, trashcans, and keyless digital access to the Hotel premises and related installation costs.

~~4)~~7) You must purchase office and computer equipment as well as a security system that meets our specifications. See Item 11 for more information about our computer and security system requirements. This range also includes the cost of webcams, a DVD player, and cat DVDs.

~~5)~~8) These figures represent the ~~estimated~~range in purchase price for exterior signage and interior signage and graphics. Your landlord may impose size, color, or other restrictions on exterior signage which may affect your cost.

~~6)~~9) These figures represent the ~~estimated~~range in purchase price for an initial inventory of supplies and marketing materials.

~~7)~~10) These figures represent your ~~estimated~~potential range in legal costs of engaging an attorney to review the franchise offering and setting up a business entity.

~~8)~~11) These figures represent ~~your estimated~~the range of out-of-pocket costs for sending two individuals to our initial training program. See Item 11. They include only ~~estimated~~ lodging and dining expenses, and local transportation to and from the training site. They do not include airfare or other expenses that may be incurred in traveling to Irvine, California.

~~9)~~12) These figures represent the ~~estimated~~ cost range of obtaining local business licenses. The cost of these permits and licenses may vary substantially depending on the location of the Franchised Business.

~~10)~~13) These figures represent the ~~estimated annual cost~~first three months of insurance ~~premiums~~premium costs. See Item 8 for more information about insurance requirements.

~~11)~~14) The figures in the chart reflect the ~~estimated~~ cost range of your grand opening and initial marketing campaign.

~~12)~~15) These amounts are ~~our estimate of the amount~~ needed to cover fixed operating expenses during the start-up phase of your business, which we estimate to be three months. These expenses include rent, payroll, and various technology subscriptions. They do not include an owner's salary or debt service.

~~13)~~16) ~~These figures are estimates and we cannot assure you that you will not have additional expenses starting the Franchised Business. Your actual costs will depend on factors such as your management skill, experience, and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. We based these estimates~~We based these cost ranges on our affiliate's experience in operating a similar business. You should carefully review these estimates with your own financial advisor before deciding to purchase a franchise.

~~14)~~17) For purposes of the initial investment, you should assume that amounts paid to third parties are nonrefundable unless your arrangement with them provides otherwise.

~~Second and Each Additional Hotel under a Development Agreement.~~

~~If you sign a development agreement, we anticipate that the initial investment for each Hotel will be the same as for a single Hotel, except that the initial franchise fee will be $35,000 instead of $45,000, and you will not incur initial training costs.~~

~~The following chart reflects the estimated initial investment for the second and each additional Hotel developed under a development agreement.~~

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[1]	$35,000	Lump sum	Upon signing Franchise Agreement	Us
Leasehold improvements[2]	$171,500.00 to $231,525	As Invoiced	As arranged	Independent contractors
Lease deposit and first month's rent[3]	$4,000 to $10,000	Per Lease	Monthly	Landlord
Grooming Equipment[4)]	$250 to $750	Lump Sum	Prior to opening Franchised Business	Suppliers, us or designated vendors
Boarding Equipment[4]	$2,600 to $4,000	Lump Sum	Prior to opening Franchised Business	Suppliers, us or designated vendors
Office and Computer Equipment[4]	$3,000 to $4,000	Lump Sum	Prior to opening Franchised Business	Suppliers, us or designated vendors
Signage[5]	$1,000 to $3,000	As Invoiced	Prior to opening Franchised Business	Suppliers, us or designated vendors
Initial Supplies and Inventory[6]	$1,500 to $2,500	Lump Sum	Prior to opening Franchised Business	Suppliers, us or designated vendors
Legal fees[7]	$4,000 to $5,000	As Invoiced	Prior to opening Franchised Business	Suppliers, us or designated vendors
Travel, lodging and meals for initial training[8]	$0			
Business licenses, permits, etc. (for first year)[9]	$300 to $500	As Incurred	As arranged	Various agencies
Utility deposits and expenses for 3 months	$3,000 to $5,000	Lump Sum	As arranged	Suppliers
Insurance[10]	$3,000 to $4,000	As Invoiced	As arranged	Independent carriers
Grand opening advertising[11]	$3,000 to $6,000	As Incurred	As arranged	Suppliers
Additional working capital funds – 3 months[12]	$35,000	As Incurred	As arranged	Various vendors
TOTAL for second and each additional Hotel developed under a Development Agreement	$267,150 to $346,275			

Total Initial Investment for Multi-Unit Development

The following chart reflects the estimated initial investment for developing multiple Hotels under a development agreement.

~~TYPE OF EXPENDITURE~~	~~AMOUNT~~
~~TOTAL for 2 Hotels developed under a Development Agreement~~	~~$547,300 to $710,050~~
~~TOTAL for 3 Hotels developed under a Development Agreement~~	~~$814,450 to $710,050~~
~~TOTAL for each additional Hotel developed under a Development Agreement~~	~~$267,150 to $346,275~~

~~These amounts assume that the Hotels are developed contemporaneously and do not take into account future inflationary increases and potential future changes to our build-out and equipment requirements. If you require additional on-site assistance beyond your first Hotel, you must pay our then-current fee and reimburse us for our expenses.~~

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers

At our request, you must purchase from us or from suppliers that we designate or approve ("Approved Suppliers") all furniture, fixtures, equipment, décor items, branded and otherwise saleable merchandise, and supplies.

You may purchase products and services for which we have identified Approved Suppliers only from the Approved Suppliers, unless we permit you to purchase them from a different supplier. To request our approval, you must send us your request in writing and we will respond to your written request within a reasonable time, normally 30 days. You may not use a supplier before we approve the supplier in writing. We have not adopted formal procedures for issuing and modifying supplier approval standards, and our criteria for supplier approval are not available to our franchisees. We do not charge a fee for our review in determining the qualifications of a particular supplier; however, we do reserve the right to seek reimbursement from you for any out-of-pocket expenses that we may incur.

Currently, neither we nor our affiliate are approved suppliers or the only suppliers of any item or service.

None of our officers hold an interest in any of our privately held suppliers or a material interest in any publicly held suppliers.

Hotel Construction and Build-Out

You may work with architects, engineers, and contractors of your choice, subject to our prior approval. In evaluating your proposed service provider, we will consider the firm's qualifications, industry experience, and insurance coverage.

Software

You must maintain a subscription license for the customer relationship and reservation software that we require, and the accounting software that we require.

Insurance

You must maintain insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Hotel, which must include the following minimum coverages:

- General liability with policy limits of $1,000,000 each occurrence and $2,000,000 aggregate limit; $10,000 medical expenses; $1,000,000 for damage to rented premises limit;
- Animal bailee liability insurance with a limit of $2,500 per animal and $25,000 aggregate;

and

- Workers compensation insurance with policy limits in the amount required by the state in which the Hotel operates; and
- Natural disaster insurance in locations subject to high risk of natural disaster in amounts appropriate to cover replacement costs.

We have the right to establish and modify the minimum coverages required and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. Your landlord may have additional insurance requirements. All insurance policies must name Club Cat Franchising, LLC and its affiliates, and their respective governing persons, agents, and employees as additional insureds on a primary non-contributory basis. Each policy must contain a waiver of subrogation in favor of Club Cat Franchising, LLC and its affiliates, and their respective governing persons, agents, and employees. All insurance policies must provide us a minimum 30-day written notice of change or cancelation before such change or cancelation may become effective. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Hotel is located and with a rating of "A" or better.

At least 10 days before you are required to carry insurance, and at least 30 days before the expiration of any policy thereafter, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the waiver of subrogation. If you fail to maintain the required insurance, we, or our designee, may obtain the insurance for you and charge and demand reimbursement of the premium costs and costs of acquiring the insurance. Nothing prevents or restricts you from acquiring and maintaining insurance with additional coverage, higher policy limits, or lower deductibles than we require.

Revenue Derived from Franchisee Purchases or Leases

We and our affiliates will derive income from your purchases and leases to the extent that you purchase items from us or our affiliates, as applicable. ~~As we have just begun to offer franchises in~~During our fiscal year ended December 31, 2023, we derived no revenue as a result of franchisee purchases or leases ~~to date~~.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your purchase and lease of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items from either us or from our designated sources or according to our specifications will be approximately 85% to 95% of your total purchase and lease of all goods and services in establishing the franchised business and 85% to 95% of your ongoing purchase and lease of goods and services in operating the franchised business.

Description of Purchasing Cooperatives; Purchasing Agreements

There currently are no purchasing or distribution cooperatives in existence with respect to the franchise system. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure ~~document item~~Document Item
a. Site selection and acquisition/lease	Article 3 and Attachment H	~~None~~Not Applicable	Items 6, 11 and 12
b. Pre-opening purchases/leases	Article 3	~~None~~Not Applicable	Items 7 and 8
c. Site development and other pre-opening requirements	Article 3	~~None~~Not Applicable	Item 7
d. Initial and ongoing training	Article 5	~~None~~Not Applicable	Item 11
e. Opening	Section 3.4.	Attachment B	Item 11
f. Fees	Article 4	Article 3	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 6.1.(a) and Article 8	~~None~~Not Applicable	Item 11
h. Trademarks and proprietary information	Article 7 and Section 14.1.	~~None~~Not Applicable	Items 1, 13 and 14
i. Restrictions on products/services offered	Section 6.6.	~~None~~Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Section 6.1.(a)	~~None~~Not Applicable	~~None~~Not Applicable
k. Territorial development and sales quota	~~None~~Not Applicable	Sections 1, 2 and Attachment B	Item 12
l. Ongoing product/service purchases	Section 6.6.	~~None~~Not Applicable	~~Item~~Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 2.2.(a), 6.7., and 6.10.	~~None~~Not Applicable	Items 7 and 8
n. Insurance	Section 11.2.	~~None~~Not Applicable	Items 6, 7 and 8
o. Advertising	Article 9	~~None~~Not Applicable	Items 6, 7 and 11
p. Indemnification	Section 11.3.	Section 7.3.	Item 6
q. Owner's participation/ management/staffing	Sections 6.2. and 6.3.	~~None~~Not Applicable	Item 15
r. Records and reports	Article 10	~~None~~Not Applicable	Items 6 and 11
s. Inspections and audits	Sections 6.9. and 10.6.	~~None~~Not Applicable	Items 6 and 11
t. Transfer	Article 12	Article 8	Item 17
u. Renewal	Section 2.2.	~~None~~Not Applicable	Items 6 and 17
v. Post-termination obligations	Article 14 and Section 15.2.	Section 10.2.	Item 17

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure ~~document item~~Document Item
w. Non-competition covenants	Article 15	Article 10	Items 15 ~~and17~~and 17
x. Dispute resolution	Article 19	Article 14	Item 17

ITEM 10
FINANCING

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

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

Except as listed below, Club Cat Franchising, LLC is not required to provide you with any assistance.

Before you open your Hotel, Club Cat Franchising, LLC will:

1. Provide an initial training program and admit two individuals, including your Managing Owner and/or Key Person, without charge. (Franchise Agreement, Section 5.1.) Our initial training program includes instruction on establishing and using administrative, bookkeeping, accounting, and inventory control procedures.

2. Provide you, on loan, one copy of the Manual. (Franchise Agreement, Article 9.) The table of contents of the Manual is attached as Exhibit A. Our Manual currently consists of ~~362~~372 pages ~~and covers the following subjects:~~.

~~Manual Section~~	~~Number of Pages~~
~~Introduction~~	~~13~~
~~Franchise Start-up~~	~~86~~
~~Marketing~~	~~26~~
~~Daily Hotel Operations~~	~~19~~
~~Guest Services~~	~~18~~
~~Management Operations~~	~~12~~
~~Document Library~~	~~188~~
~~Total Pages~~	~~362~~

~~4~~3. If you are signing a Franchise Agreement for your first Hotel, we will provide five days of on-site opening assistance without additional charge (Franchise Agreement, Section 5.2.1.).

~~5~~4. Provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development, operation, and promotion of the Hotel, and such other matters as we deem appropriate. (Franchise Agreement, Section 5.3.)

During the operation of the Franchised Business, we will:

1. Provide such ongoing consultation and advice as we deem appropriate, which may include advice concerning the operation and promotion of the Hotel (Franchise Agreement, Section 5.4.).

We are not obligated to assist you with developing new products or services to offer to your customers, hiring or training your employees, improving or developing the franchised business, or resolving operating

problems that you encounter. We also have no obligation to assist you in establishing the prices that you charge to your customers, but we have the right to establish the minimum and maximum prices that you may charge and to require you to offer bundled pricing and discounts to the extent permitted by applicable law. (Franchise Agreement, Section 6.11.)

Advertising

Our advertising program for the products and services offered by the Franchised Business are currently created inhouse and consist of brochures and advertising in local online directories.

You may use your own advertising and promotional materials if they conform to our standards and we have approved them before first publication or use. We will use commercially reasonable efforts to notify you of our decision within 10 business days after we receive them. You may not use the materials until they are approved, and we have the right to disapprove materials that have previously been approved.

Grand Opening and Initial Marketing Campaign

You must conduct a grand opening within seven days after the Hotel opens for business and an initial marketing campaign before and during the 30-day period after the Hotel opens for business.

~~Brand Development Fund~~

~~We have implemented and administer a Brand Development Fund for the common benefit of CLUB CAT Hotels. You must contribute to the Fund on a weekly basis. Currently, the required contribution is calculated as 1% of Gross Revenue. We may change this amount periodically, but your required contribution will never exceed 2% of your annual Gross Revenue.~~

~~We anticipate that all franchisees will contribute at the same rate. Neither we nor our affiliates are contractually required to contribute to the Fund, but we anticipate that company and affiliate-owned CLUB CAT Business will contribute to the Fund on the same basis as franchisees. There is no requirement that the fund be audited. Upon your written request, will make available an annual statement of operations.~~

~~We will use Fund monies for brand development and marketing related activities. We also may use Fund monies to reimburse ourselves for our costs of personnel and other administrative and overhead costs associated with providing the services related to the Fund. Although we intend for the Fund to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent for authorized purposes. Any amounts paid to the Fund that are not spent in the year they are collected will remain in the Fund and carry over to the following year for future expenditures.~~

~~We will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Fund monies, and the allocations of Fund monies to production, placement, and other costs. We are not obligated to expend any Fund monies for placement of advertising in your trading area, or to ensure that your Hotel benefits directly or *pro rata* from Fund expenditures. We will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising and promotional materials paid for with Fund monies information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.~~

~~As of the issuance date of this franchise disclosure document, the Fund has had no contributions and no expenditures.~~

Marketing Fee

We may impose and collect a Marketing Fee of up to 2% of Gross Revenue, currently, however, we do not collect the Marketing Fee. The Marketing Fee compensates us for certain marketing and promotional activities such as the creation and production of promotional materials, third party marketing supplier expenses, or supporting in-house marketing efforts, including salary expenses. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on regional and national brand development. We do not guarantee that you will benefit from the Marketing Fee in proportion to your Marketing Fee payments. Marketing Fee payments are not contributions to a fund as we do not maintain, nor do we require any contribution, to a marketing fund.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Hotel's market area, nor any pro rata amount based upon your Marketing Fee payment. Marketing Fee monies are not used to solicit new franchise sales.

As Marketing Fee payments are not contributions to a fund, and we do not maintain or administer any such marketing related fund, we have no fund to audit nor do we disclose fund expenditure breakdowns by percentage in the categories of production, media placement, administrative expenses, and other uses. Also, as we have no fund, company owned stores are not required to contribute to a fund, however, company owned stores do contribute to system marketing expenditures.

Local Advertising

Each calendar quarter you must spend at least 2% of Gross Revenue on local advertising that conforms to our standards and specifications. This includes engaging our designated vendor to provide search engine optimization (SEO) services and a minimum spend threshold for Google Ads. Any amounts contributed to an Advertising Cooperative, described below, will be credited toward satisfaction of your local advertising expenditure requirement. We reserve the right to require you to participate in specific events that we may designate from time to time, which may require the payment of additional fees and coordination with other franchisees (including Businesses owned by us or our affiliates) and will include utilizing our designated materials and media for each event.

Advertising Council

There currently is no advertising council composed of franchisees that advise us on advertising policies.

Website

You may not establish or maintain a web site or other online presence that reflects any of the Marks or any of our copyrighted works. If we permit you to own your own domain, your domain name may not include the term "Club Cat."

Training Program

Within 60 days after the franchise agreement is signed, your Managing Owner must attend and complete our initial training program to our satisfaction. Currently, training is held on an as needed basis at our headquarters in Irvine, California, but portions of the training program may be administered virtually.

We do not currently maintain a formal training staff. The initial training program will be conducted by or under the direction of Shana Martin who founded the CLUB CAT concept. Ms. Martin has been with us since our inception in January 2023 and has operated a CLUB CAT Hotel since 2019. Training materials include written materials and hands-on experience.

The following is a summary of our initial training program:

TRAINING PROGRAM

SUBJECT	HOURS CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRANING	LOCATION
Who is Club Cat	~~1 Hour~~0.5 Hours		Virtual or Irvine, California
Pet Care Market Landscape	~~1~~0.5 Hours		Virtual or Irvine, California
Service Offering	2 Hours		Virtual or Irvine, California
Operations Management	8 Hours		Virtual or Irvine, California
~~Reservation Software intro~~Guest Services	8 Hours		Virtual or Irvine, California
Reservation Software hands-on training	~~16~~8 Hours		Virtual or Irvine, California
~~Real Estate~~Cat Handling Training	~~2~~4 Hours		Virtual or Irvine, California
~~Financing~~	~~2 Hours~~		~~Virtual or Irvine, California~~
Marketing & Advertising	2 Hours		Virtual or Irvine, California
Community Engagement	1 Hour		Virtual or Irvine, California
~~Cat Handling Training~~	~~2 Hours~~		
Franchisor-to-Franchisee-to-Franchisee Engagement	1 Hour		Virtual or Irvine, California
Shadowing Operations		40 Hours	Irvine, California
TOTAL	~~46.5~~35 Hours	40 Hours	

There is no charge for the first two individuals to attend the initial training program. At your request, we may permit additional individuals to attend the same training program, subject to space availability and payment of reasonable tuition. You are responsible for all costs and expenses of complying with our training requirements including tuition and registration costs and salary, travel, lodging, and dining costs for all employees who participate in the training.

Computer Requirements

You will need to purchase ~~a~~two laptop ~~computer~~computers, an iPad, and printer/scanner, and will need access to high-speed internet. The cost for this hardware ranges from $1,235 to $2,000. You also will need to maintain a subscription license for our reservation software, which provides an online booking portal appointment scheduling, and payment processing, and ~~hardware and software for our webcam system.~~currently charges a license fee which ranges from $170 to $190 per month. You also must purchase and use our required accounting software, which currently is ~~Quickbooks~~QuickBooks online~~.~~ and currently between $30 to $200 per month. You must also engage our designated bookkeeping services vendor who currently charges between $250 to 500 per month. We will have independent access to the information generated and stored in these programs. There are no contractual limitations on our right to access this information.

~~We estimate that the cost to purchase the equipment and license software is approximately $3,000.~~ We are not required to provide any ongoing maintenance, repairs, upgrades or updates to any computer hardware or software program.

Security System and Webcam Requirements

You will need to purchase, install, maintain, and monitor (remotely and professionally) a security system that meets our minimum specifications. We estimate that there will be no initial hardware or installation costs related to the security system, however, your ongoing fees will range between $75 to $100 per month.

You will also purchase webcams for each suite per our minimum specifications and monitor the same through our designated application which currently charges $209 per month.

Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a "Site Selection Area" within which you may locate the Hotel. You must acquire an acceptable site for the Hotel within this area within 180 days from the effective date of the Franchise Agreement. We reserve the right to approve or disapprove your proposed site within 30 business days after receiving all requested information and you must pay our associated costs for review. The criteria that we use to evaluate the selected site include general location, traffic count, traffic patterns, parking, size, physical characteristics of the existing building, other tenants, visibility, demographics, and local competition. Our approval of the site is not a warranty or representation of any kind as to the potential success or profitability of your Hotel. We anticipate that you will open the Hotel within 60 days to six months after the Franchise Agreement is signed. Factors affecting this range include site availability, lease or purchase negotiations, and construction time. We can terminate the Franchise Agreement if you fail to acquire an acceptable site for the Hotel within 180 days of the date we sign the Franchise Agreement and we will not return any fees paid by you. We also can terminate the Franchise Agreement if you fail to open the Hotel for business within 180 days of the date you sign a lease or otherwise acquire a site for the Hotel and we will not return any fees paid by you. We may extend these deadlines in our sole discretion.

If you occupy a leased space, you must submit the lease to us for our approval before it is signed. Your lease must contain the terms that we specify. The lease must provide you the right to occupy the space through the initial term of the franchise agreement and must give us the right to assume the lease upon termination or expiration of the franchise.

ITEM 12
TERRITORY

Franchise Agreement

The Franchise Agreement grants you the right to operate one CLUB CAT Franchised Business at a location that we have approved ("Approved Location"). You may relocate the Hotel only if your lease expires or terminates through no fault of yours, or if the Hotel premises are destroyed or materially damaged by fire, flood, or other natural catastrophe. If we grant you permission to relocate the Hotel for this reason, you must open the Hotel for business at the new location within 180 days of closing.

Once you have identified a site for the Hotel, we will identify an area surrounding the Hotel that we call your "Protected Area." Your Protected Area is an exclusive territory, meaning that, during the franchise term, we will not develop or grant anyone but you the right to develop a CLUB CAT Hotel in your Protected Area. The Protected Area will be identified in Exhibit B to the franchise agreement. The minimum Protected Area will contain 600,000 households.

We reserve for ourselves all other rights within and outside the Protected Area. Our reserved rights include the right to operate and license the operation of similar or competing businesses under a different trademark, the right to operate and license the operation of businesses providing other cat-related services (such as grooming services), and the right to sell branded products (such as pet food, supplies, and merchandise) through alternate channels of distribution including through retail stores and via online sales. There are no restrictions on us from soliciting or accepting orders from consumers inside your Protected Area. We are not required to compensate you for soliciting or accepting orders from inside your Protected Area.

Continuation of your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other contingency. The boundaries of your Protected Area may be altered only by our prior written consent.

Development Agreement

If you wish to develop more than one Hotel within a mutually agreed-upon development area you must enter into ~~an Area~~a Development Agreement which will give you the right to develop a specified number of Hotels in a defined geographic area ("Development Area").

During the Development Agreement term, we will not develop or grant anyone but you the right to develop a CLUB CAT Hotel in your Development Area.

We reserve for ourselves all other rights within and outside the Development Area. Our reserved rights include the right to operate and license the operation of similar or competing businesses under a different trademark, the right to operate and license the operation of businesses providing other cate-related services (such as grooming services), and the right to sell branded products (such as pet food, supplies, and merchandise) through alternate channels of distribution including through retail stores and via online sales. You are not entitled to compensation for any sales or commissions from solicitations we make in the Development Area. There are no restrictions on us from soliciting or accepting orders from consumers inside your Development Area. We are not required to compensate you for soliciting or accepting orders from inside your Development Area.

If you fail to develop Hotels according to development schedule agreed to in the Development Agreement, we can terminate the Development Agreement. Once the Development Agreement terminates or expires, any territorial protection provided under the Development Agreement ends, but you will continue to have the territorial protections provided under any individual franchise agreements then in effect. Instead of terminating the Development Agreement, we have the right to reduce the number of Hotels that you may develop or modify the boundaries of your Development Area. Otherwise, the boundaries of your Development Area may be altered only by our prior written consent.

ITEM 13
TRADEMARKS

Our affiliate, CC LLC, owns and has registered the following Mark on the Principal Register of the U.S. Patent Trademark Office. All required affidavits and renewals have been filed.

MARK	REGISTRATION NO.	REGISTRATION DATE
CLUB CAT (Standard Characters)	6019568	March 24, 2020

CC Irvine has also applied to register the following Mark on the Principal Register of the U.S. Patent and Trademark Office, based on actual use.

MARK[1]	SERIAL NO.	APPLICATION DATE
CLUB CAT (stylized words CLUB CAT with a cat silhouette design in-between the words)	97778871	February 2, 2023
CLUB CAT HOTEL & RESORT FOR FELINES (stylized words and logo)	97782335	February 6, 2023
FINALLY A PLACE WORTHY OF YOUR FELINE	97782594	February 6, 2023

Note 1. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

CC LLC has granted us the perpetual and royalty-free right to use and to sublicense the use of the Marks and other intellectual property pursuant to a written license agreement, dated January 6, 2023 (the "License Agreement"). This agreement may be terminated ~~by mutual agreement, upon an insolvency event, or~~ if we materially breach our obligations and fail to cure the breach during the applicable cure period. Upon termination of the License Agreement, CC, LLC has an option to assume our obligations under the franchise agreements. Except for this License Agreement, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Marks in any manner material to the Franchised Business.

There is no currently effective material determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding or any pending material litigation involving the Marks. There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks in any manner material to the Franchised Business. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must use the Marks in full compliance with provisions of the Franchise Agreement and according to the rules we periodically prescribe. You may not use any Mark as a part of your corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed by us to you). You may not use any Mark associated with the sale of any unauthorized product or services in any other manner not explicitly authorized in writing by us. You also may not establish or maintain a web site or other presence on the Internet or via other electronic means that reflects any of the Marks or our copyrighted works, or that includes the term "Club Cat" as part of any URL or domain name, or that otherwise states or suggests your affiliation with us or our franchise system.

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and we may take any action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right to control all administrative proceedings or litigation involving your use of the Marks. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Marks, or if the proceeding is resolved unfavorably to you. If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with such a change.

You may not contest, directly or indirectly, our ownership, title, right, or interest in the name, marks, trade secrets, methods, procedures, and advertising techniques which are part of the System or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise, but we claim copyright protection in many elements of the System including the Manual and the design elements of the Marks, our product packaging and advertising and promotional materials, and the content and design of our web site (the "Copyrighted Works").

You and your Owners and employees must maintain the confidentiality of all our trade secrets and proprietary information and any other information that we designate as "Confidential Information." Any

Owner who does not sign an Owner Agreement (attached as Attachment D to the Franchise Agreement and Development Agreement) and all employees who have access to Confidential Information must sign a confidentiality and noncompete agreement substantially in the form that we designate.

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works, and we will control administrative proceedings or litigation involving Confidential Information. If we or our affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts and things as may, in the opinion of our counsel, be necessary to carry out the defense or prosecution.

If you or any Owner develops a new concept, product, sales technique, or improvement in the operation or promotion of a Hotel (including any computer software enhancements), you must promptly notify us, and provide to us all necessary related information. By signing the Franchise Agreement, you and each Owner assign to us your respective rights in and to the concept, product, sales technique, or improvement and permit us to use or disclose the information to other System franchisees as we determine appropriate, without providing you any compensation.

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

During the first year of the Hotel's operation or until the Hotel meets a certain occupancy threshold of 75% booked on average per month April through December each year (whichever occurs later), the Hotel must be managed on premises six full days per week by an individual with a 51% ownership interest in the franchise (the "Managing Owner"). Thereafter, the Hotel must be supervised on premises by a manager who has successfully completed our initial training program, but who need not have an equity interest in the franchise (the "Key Person"). The Key Person must dedicate full time efforts to the position.

Each person owning a beneficial ownership in the franchise, whether directly or indirectly through a business entity or multiple business entities, must sign our Owner Agreement substantially in the form of Attachment D to the Franchise Agreement. Under the Owner Agreement, each Owner personally guarantees to us the timely performance of your obligations under the Franchise Agreement and agrees to be personally bound by the franchise covenants. If any person required to sign an Owner Agreement is a business entity (i.e., other than a natural person), then the entity's owners must also sign the Owner Agreement, so that each entity in the chain of ownership, and each natural person holding a beneficial interest in the franchise, either directly or indirectly, will sign an Owner Agreement. Your Key Person must sign a confidentiality and noncompete agreement substantially in the form attached as Attachment E to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer only the products and services that we authorize and may not offer or sell products or services not authorized by us. We may add, eliminate, or modify authorized goods and services, in our sole discretion. There are no contractual limitations on our rights to make these changes.

There are no limitations on customers to whom you may sell goods and services. We have the right to establish minimum, maximum, or other retail pricing requirements to the extent permitted by law. No vending, gaming machines, payphones, automatic teller machines, Internet kiosks, or other mechanical or electrical devices are permitted in your Hotel without our prior written consent.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.1.	10 years.
b. Renewal or extension of the term	Section 2.2.	If you are in good standing you may renew for two additional five-year terms.
c. Requirements for franchisee to renew or extend	Section 2.2.	Provide advance written notice, be in full compliance with your franchise and lease and financing obligations, you have the right to remain in possession of the Hotel premises or have found substitute premises, you have renovated or have agreed to renovate the Hotel premises to conform to our image requirements, you and your employees are in compliance with our training requirements, you have signed our then-current form of franchise agreement (which may be materially different than our current form of franchise agreement) and have paid the renewal fee in lieu of an initial franchise fee, each Owner has signed an Owner Agreement, you have signed and delivered to us a general release of all claims that you may have against use.
d. Termination by franchisee	No provision	Not applicable.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Sections 13.1., 13.2., 13.3., 13.4., 13.5., and 13.6.	The franchise agreement will terminate automatically upon the happening of certain insolvency-related events. Otherwise, we can only terminate if you are in default of the franchise agreement or if you are default of any other agreement with us or our affiliate and fail to cure the default during the applicable cure period. Grounds for termination of any franchise agreement provides grounds for termination of the development agreement. Termination of the development agreement for failure to meet your development schedule does not provide grounds for termination of any franchise agreement. Termination of the development agreement for any other reason, however, provides grounds for termination of any franchise agreement.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	Sections 13.4., 13.4., and 13.5.	Your failure to pay monies owed, misuse of the Marks or our intellectual property, failure to pay trade creditors, your failure to comply with any other provision of the Franchise Agreement, except as described in 17.h., below.
h. "Cause" defined – non-curable defaults	Section 13.1. Section 13.2.	The Franchise Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or in the event of foreclosure or execution on a lien against the Hotel assets. We may terminate the Franchise Agreement without providing you an opportunity to cure if you fail to complete initial training, fail identify a site for the Hotel or to open the Hotel when required; you cease operations or otherwise abandon the business, you or any owner are convicted of certain types of crimes, you or any violates the confidentiality or noncompete obligations, you have made any false or misleading representations in your franchise application; you fail two quality assurance inspections within any rolling 12-month period, or we deliver to you three or more notices of default within any rolling 12-month period whether or not the defaults described in the notices ultimately are cured.
i. Franchisee's obligations on termination/nonrenewal	Article 14	Obligations include ceasing to hold yourself out as a franchisee or former franchisee; canceling fictitious or assumed name; transferring to us the Hotel's telephone number; at our option, assigning to us your interest in the lease for the Hotel premises; sell to us any of the Hotel's assets that we elect to purchase; if we do not assume the lease, removing all elements of our trade dress and proprietary construction, including all cat suites; pay all amounts owed to us and all damages and costs incurred by us in enforcing the termination provisions; pay liquidated damages to us if you terminate without cause or we terminate for valid cause; and comply with post term obligations (also see r, below).
j. Assignment of contract by franchisor	Section 12.1.	No restriction on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee – defined	Article 12	Includes transfer of Franchise Agreement, transfer of the assets of the Franchised Business, and ownership changes.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
l. Franchisor approval of transfer by franchisee	Section 12.4.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 12.4.	Our satisfaction that the sale terms will not materially and adversely affect the post transfer viability of the franchised business, our approval of the transferee as meeting our criteria for new franchisees, satisfaction of your financial and nonfinancial obligations under the franchise agreement, you and each Owner must sign a release, the transferee must sign our then-current form of franchise agreement for the remainder of the franchise term left on your agreement (which may be materially different than the terms and conditions of your franchise agreement); the transferee must agree to refurbish the Hotel; you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements, payment of the renewal fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.8.	We may match any bona fide offer to purchase your business.
o. Franchisor's option to purchase your business	No provision	Not applicable.
p. Death or disability of franchisee	Section 12.9.	If the Managing Owner dies or becomes incapacitated, their interest must be transferred to a qualified individual within six months.
q. Non-competition covenants during the term of the franchise	Section 15.2.	During the franchise term, neither the franchisee nor any Owner may be involved in a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.3.	For a two-year period following termination, transfer, or expiration of the franchise, neither the franchisee nor any Owner may engage in a competitive business at the former Hotel premises, within a 50-mile radius of the former Hotel premises, or within a 50-miles of any other CLUB CAT Hotel. Payment of liquidated damages if there is a breach of non-disclosure obligations.
S. Modification of the agreement	Section 18.1.	The Franchise Agreement may be modified only by a written document signed by both parties.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
t. Integration/merger clause	Section 18.1.	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any other representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.2.	Any claim or dispute you have with us must be submitted to mediation before you may initiate a lawsuit. Mediation to take place in the city where we maintain our principal place of business at the time mediation is initiated.
v. Choice of forum	Section 19.4.	Litigation must be instituted and maintained in state or federal court in the judicial district in which we maintain our principal place of business at the time litigation is initiated.
w. Choice of law	Section 19.1.	Texas law applies.

This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this Franchise Disclosure Document.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.1.	Expires when the last franchise agreement is signed.
b. Renewal or extension of the term	No provision	Not applicable.
c. Requirements for franchisee to renew or extend	No provision	Not applicable.
d. Termination by franchisee	No provision	Not applicable.
e. Termination by franchisor without cause	No provision	Not applicable.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Article 9	The development agreement will terminate automatically upon the happening of certain insolvency-related events. Otherwise, we can only terminate if you are in default of the development agreement or if you are default of any other agreement with us or our affiliate (including any franchise agreement) and fail to cure the default during the applicable cure period. Grounds for termination of any franchise agreement provides grounds for termination of the development agreement. Termination of the development agreement for failure to meet your development schedule does not provide grounds for termination of any franchise agreement. Termination of the development agreement for any other reason, however, provides grounds for termination of any franchise agreement.
g. "Cause" defined – curable defaults	Sections 9.3., 9.4., and 9.5.	You have 10 days to cure financial default and failure to maintain required insurance. For any default, except those specified as noncurable, you have 30 days to cure.
h. "Cause" defined – non-curable defaults	~~Sections~~Section 9.1. Section 9.2.	The Development Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or in the event of foreclosure or execution on a lien against the Hotel assets. We may terminate the Development Agreement without providing you an opportunity to cure if you fail to meet the development schedule, you or any owner are convicted of certain types of crimes, you or any violates the confidentiality or noncompete obligations, you have made any false or misleading representations in your franchise application, or we deliver to you three or more written notices of default within any rolling 12-month period whether or not the defaults described in such notices ultimately are cured.
i. Franchisee's obligations on termination/nonrenewal	Section 10.2.	You will have no right to establish or operate any Hotel for which a franchise agreement has not been executed prior to termination; You must comply with confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 8.1.	No restriction on our right to assign our interest in the Development Agreement or to transfer any of our assets.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
k. "Transfer" by franchisee – defined	Article 8	Includes transfer of Development Agreement, transfer of the assets of the Franchised Business, and ownership changes.
l. Franchisor approval of transfer by franchisee	Section 8.4.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 8.4.	Our satisfaction that the sale terms will not materially and adversely affect the post transfer viability of the business, our approval of the transferee as meeting our criteria for new developers, satisfaction of your financial and nonfinancial obligations under the development agreement, you and each Owner must sign a release, you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements, payment of the transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.9.	We may match any bona fide offer to purchase your business.
o. Franchisor's option to purchase your business	No provision	Not applicable.
p. Death or disability of franchisee	Section 8.10.	On death or permanent disability of Developer or an Owner, the person's interest must be transferred to someone we approve within six months.
q. Non-competition covenants during the term of the franchise	Section 10.1.	During the term, neither the franchisee nor any owner may be involved in a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 10.2.	For a two-year period following termination, transfer, or expiration of the franchise, neither the franchisee nor any Owner may engage in a competitive business within the former development area or within a 50-mile radius of any other CLUB CAT Hotel.
S. Modification of the agreement	Section 13.1.	The Development Agreement may be modified only by a written document signed by both parties.
t. Integration/merger clause	Section 13.1.	Only the terms of the Development Agreement are binding (subject to applicable state law). Any other representations or promises made outside the disclosure document and Development Agreement may not be enforceable.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Section 14.2.	Any claim or dispute you have with us must be submitted to mediation before you may initiate a lawsuit. Mediation to take place in the city where we maintain our principal place of business at the time mediation is initiated.
v. Choice of forum	Section 14.3.	Litigation must be instituted and maintained in state or federal court in the judicial district in which we maintain our principal place of business at the time litigation is initiated.
w. Choice of law	Section 14.1.	Texas law applies.

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

FOR FRANCHISED BUSINESSES LOCATED IN THE STATE OF CALIFORNIA:

If your Hotel operates in the state of California, or if the franchise is otherwise subject to and not exempt from the California Franchise Investment Law, subsection 16.2.3. is null and void in its entirety.

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

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following table reflects financial information about the CLUB CAT Hotel operated by CC Irvine, which opened for business on March 1, 2019. It has a footprint of 1,777 square feet and has a daily boarding capacity of 45 cates. This Hotel includes 20 Suites (five Standard Suites with outdoor window view, 10 Standard Suites without outdoor window view, and five Deluxe Suites). Standard suites can accommodate two cats each while Deluxe suites can each accommodate three cats.

Table 1 – Annual Gross Revenue and Year Over Year Percentage Growth

The following table reflects gross revenue information for years 2019, 2020, 2021, ~~and~~ 2022, and 2023 and

year over year percentage growth.

	2019	2020	2021	2022	2023
Annual Gross Revenue[1]	$88,878[2]878	$128,826	$279,669	$338,7763 39,086	$385,216
Revenue YoY Growth %		44.9%	117.1%	21.12%	13.6%
Annual EBITDA	$3,219[2]219	$40,240	$127,587	$115,56588 75	$136,029
EBITDA YoY Growth %		1,150.2%	217.1%	-09.2%	917.4%
EBITDA % of Revenue	3.6%	31.2%	45.6%		34.1%

Notes relevant to Table 1:

1. "Annual Gross Revenue" means all revenue derived from providing goods and services during the relevant period, calculated on a cash basis, and excludes any income from Covid relief funds. This CLUB CAT Hotel did not pay the royalty feeRoyalty Fee (6% of Gross Revenue) or the brand development fund contributionMarketing Fee (currently 10% of Gross Revenue, but may be implemented at a rate of up to 2% of Gross Revenue) that you will pay. HadThe amounts this Hotel paid a 6% royalty fee and 1% brand development fund contribution, Annual Gross Revenue after royalty fees and brand development fund contribution would have been $82,656paid in Royalty Fees and Marketing Fees for 2019, $119,808 for 2020, $260,092 for 2021, and $315,061 for 2022.each year in operation is included in Table 3 below.
2. 2019 reflects 10 months of revenue information (March 1, 2019, through December 31, 2019).

Table 2 – Annual Gross Revenue and Operating Expenses

The following table reflects gross revenue information for years 2019, 2020, 2021, and 2022, and 2023, and certain operating expenses.

	2019	% of Rev	2020	% of Rev	2021	% of Rev	2022	% of Rev	2023	% of Rev
Total Revenue[1]	$88,878		$128,826		$279,669		$338,776 339,086		$385,216	
Building Expenses[2]	$61,070	68.7%	$59,457	46.2%	$65,104	23.3%	$68,966	20.43 %	$68,668	17.8%
Labor Expenses[3]	$3,799	4.3%	$16,670	12.9%	$64,669	23.1%	$105,208	31.10 %	$125,392	32.6%
Other Op Exp[4]	$53,447	60.1%	$42,499	33.0%	$50,668	18.1%	$77,935	23.0%	$88,054	22.9%
Net Income	($29,438)	-33.1%	$10,200	7.9%	$99,227	35.5%	$86,66697 6	25.67 %	$103,102	26.8%
EBITDA	**$3,219**	3.6%	**$40,240**	31.2%	**$127,587**	45.6%	**$115,565 875**	34.12 %	**$136,029**	35.3%

1. This CLUB CAT Hotel did not pay the royalty feeRoyalty Fee (6% of Gross Revenue) or the brand development fund contributionMarketing Fee (currently 10% of Gross Revenue, but may be implemented at a rate of up to 2% of Gross Revenue) that you will pay. HadThe amounts this Hotel paid a 6% royalty fee and 1% brand development fund contribution, Annual Gross Revenue after royalty fees and brand development fund contribution would have been $82,656paid in Royalty Fees and Marketing Fees for 2019, $119,808 for 2020, $260,092 for 2021, and $315,061 for 2022each year in operation is included in Table 3 below.

2. Building Expenses in 2020 reflect two months of landlord's rent abatement for 10% of monthly rent expense in response to Covid impacts on business.
3. Labor Expenses in 2022 include the addition of a full-time manager in September.
4. Other Operating Expenses in 2022 include a one-time expense of $4,500 for Certified Public Accountant Review and clean-up of Chart of Accounts.

Table 3 – Annual Gross Revenue and Operating Expenses – Incorporating Royalty Fees

This CLUB CAT Hotel did not pay the ~~royalty fee~~Royalty Fee (6% of Gross Revenue) or the ~~brand development fund contribution~~Marketing Fee (currently ~~1~~0% of Gross Revenue, but may be implemented at a rate of up to 2% of Gross Revenue) that you will pay. The following table reflects gross revenue information for years 2019, 2020, 2021, ~~and~~ 2022, and 2023 and certain operating expenses, incorporating the ~~6% franchise royalty fee~~Royalty Fee and ~~1% brand development fund contribution~~Marketing Fee. The actual advertising and promotional expenses incurred by this Hotel have been broken out from Other Operating Expenses ("Other Op Ex").

	2019	% of Rev	2020	% of Rev	2021	% of Rev	2022
Gross Revenue	$88,878		$128,826		$279,669		$~~338,776~~3
Franchise Fees							
Royalty ~~fee~~ Fee – 6%	$5,333	6.~~0~~%	$7,730	6.~~0~~%	$16,780	6.~~0~~%	$20,~~3~~
~~Brand Dev fee – 1%~~Marketing Fee – Currently 0%	~~$889~~ -	~~1.~~0%	~~$1,288~~ -	~~1.~~0%	~~$2,797~~ -	~~1.~~0%	~~$3~~
Net Revenue	$~~82,657~~83,546		$~~119,808~~121,097		$~~260,092~~262,889		$~~315,062~~31
Building Expenses	$61,070	~~73.9~~68.7%	$59,457	~~49.6~~46.2%	$65,104	~~25.0~~23.3%	$6
Labor Expenses	$3,799	4.~~6~~3%	$16,670	~~13~~12.9%	$64,669	~~24.9~~23.1%	$10
~~Adv & Promo~~Other Op Exp	$~~6,486~~53,447	~~7.8~~60.1%	$~~3,600~~42,499	~~3~~33.0%	$~~4,556~~50,668	18.1.~~8~~%	$~~6,159~~
~~Other Op Ex~~	~~$46,962~~	~~56.8%~~	~~$38,900~~	~~32.5%~~	~~$46,112~~	~~17.7%~~	~~$~~
Net Income	($~~35,660~~34,771)	-~~43~~39.1%	$~~1,182~~2,470	1.~~0~~9%	$82,447	29.5%	$6
EBITDA	($~~3,003~~2,114)	-2.4%	$32,510	25.2%	$110,807	~~-~~39.6%	$~~31,222~~9

Table 4 – Proforma 2023 Results Without A Full-Time Manager

This CLUB CAT Hotel hired a full-time manager in September 2022. Total labor expenses for the full-time manager include regular wages, overtime wages, employer's portion of payroll taxes, and employer's portion of health benefits premiums. The total labor expense for a full-time manager of this CLUB CAT Hotel in 2023 was $47,599. The financial information presented in Table 4 reflects 2023 results without a full-time manager, as if a franchisee performed the duties of the full-time manager and did not receive wages or benefits.

	2023 Proforma	% of Rev
Gross Revenue	$385,216	

	2023 Proforma	% of Rev
Franchise Fees		
Royalty Fee - 6%	$23,113	6%
Marketing Fee – Currently 0%	-	0%
Net Revenue	$362,103	
Building Expenses	$68,668	17.8%
Labor Expenses	$77,793	20.2%
Other Op Exp	$88,054	22.9%
Net Income	$127,588	33.1%
EBITDA	$160,515	41.7%

Table 5 – Occupancy Rates for 2023

Demand for services at this CLUB CAT Hotel is seasonal. This table provides occupancy rates for this Hotel in 2023, by month. Occupancy is defined as the percentage of total suites occupied per day each month.

Month	2023 Occupancy Rates
January	66.3%
February	72.0%
March	71.9%
April	91.0%
May	72.4%
June	88.7%
July	94.8%
August	88.5%
September	89.7%
October	91.1%
November	74.3%
December	69.7%
2023 Average	**80.9%**

Table 6 and Table 7 – Repeat Customers and Length of Stay

Since this CLUB CAT Hotel opened on March 1, 2019 it has hosted cats from 1,241 customers as guests. Since inception, approximately 39% of these customers booked more than one stay at this CLUB CAT Hotel. Table 6 shows the number of customers who have booked 1, 2, 3, 4, or 5 or More times at this Hotel.

# of Stays[1]	# of Customers	% of Customers
5 or more	109	8.8%
4	59	4.8%
3	84	6.8%
2	229	18.5%

1	760	61.2%
	1,241	100%

1. Number of Stays means the number of stays during the period beginning March 2019 through December 2023.
2. The average stay length is approximately 7 days. Table 7 provides information in total, and by year, of the number of stays that have been for less than 1 week, 1 to 2 weeks, 2 to 3 weeks, and 3 weeks or more.

Days per Year	2019	2020	2021	2022	2023
< 7 Days	117	197	429	395	411
7 to 14 Days	63	76	211	227	236
15 to 21 Days	18	6	24	37	54
11 Days or More	15	12	16	29	22
	213	291	680	688	723

Some outlets have achieved these results. Your individual results may differ. There is no assurance that you'll earn as much.

Except for the information contained in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Shana Martin, Manager, Club Cat Franchising, LLC, 1360 Reynolds Avenue, #120, Irvine, California 92614, 310-245-6210, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 20202021 to 20232022

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	20212020	0	0	0
	20222021	0	0	0
	20222023	0	0	0
Company-Owned	20212020	1	1	0
	20222021	1	1	0
	20222023	1	1	0
Total FacilitiesOutlets	20212020	1	1	0

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
	20222021	1	1	0
	20222023	1	1	0

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 20202021 TO 20232022

STATE	YEAR	NUMBER OF TRANSFERS
California	20212020	0
	20212022	0
	20222023	0
Totals	20212020	0
	20222021	0
	20222023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 20202021 TO 20232022

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT THE END OF THE YEAR
California	2021 2020	0	0	0	0	0	0	0
	2022 2021	0	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0	0
Totals	2021 2020	0	0	0	0	0	0	0
	2021 2022	0	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0	0

TABLE NO. 4
STATUS OF COMPANY-OWNED[1] OUTLETS
FOR YEARS ~~2020~~2021 TO ~~2022~~2023

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT THE END OF THE YEAR
California	~~2020~~2021	~~0~~1	0	0	0	0	~~0~~1
	2022~~2~~ ~~021~~	~~0~~1	0	0	0	0	~~0~~1
	~~2022~~2023	~~0~~1	0	0	0	0	~~0~~1
Totals	~~2020~~2021	1	0	0	0	0	1
	2022~~2~~ ~~021~~	1	0	0	0	0	1
	~~2022~~2023	1	0	0	0	0	1

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED[1] OUTLET IN THE NEXT FISCAL YEAR
California	0	0	0
Totals	0	0	0

Note 1—. Company-owned outlets are owned by our affiliate.

Attached to this franchise disclosure document as Exhibit G is a list of our current franchisees as of December 31, ~~2022~~2023, and a list of the franchisees whose franchises terminated, and franchisees who have voluntarily or involuntarily ceased to do business under the franchise agreement with us during our most recently completed fiscal year, or who have not communicated with us during the 10-week period immediately preceding the issuance date of this franchise disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any current or former franchisees.

We have not formed, and are not aware of, any trademark-specific franchisee organizations associated with the CLUB CAT System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit F are ~~our audited~~the following financial statements ~~which comprise our balance sheet as of March 31, 2023, and the related notes to the financial statement.~~:

1. Our audited balance sheet as of December 31, 2023, and the related statements of profit and loss and members' equity, and cash flows for the years then-ended; and

2. Our audited balance sheet as of March 31, 2023.

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

ITEM 22
CONTRACTS

Attached as Exhibit D to this Franchise Disclosure Document is a copy of the Franchise Agreement and the following attachments to the Franchise Agreement:

Attachment A Glossary of Additional Terms
Attachment B Statement of Ownership Interests
Attachment C Owner Agreement
Attachment D Confidentiality and Noncompetition Agreement
Attachment E Electronic Debit Authorization
Attachment F Telephone Number Assignment Agreement
Attachment G Lease Rider

Attached as Exhibit E to this Franchise Disclosure Document is a copy of the Development Agreement and the following attachments to the Development Agreement:

Attachment A Glossary of Additional Terms
Attachment B Development Schedule
Attachment C Statement of Ownership Interests
Attachment D Owner Agreement
Attachment E Franchise Agreement

ITEM 23
RECEIPT

The last two pages of this Franchise Disclosure Document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt.

STATE APPENDIX

For the State of California

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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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.

Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

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

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

Item 3, Additional Disclosure:

> Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 5, Fee Deferral:

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

the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Item 17, Additional Disclosure:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

California Business and Professions Code ~~Section~~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.

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

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

EXHIBIT A
TO CLUB CAT
FRANCHISE DISCLOSURE DOCUMENT

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~~MANUAL~~

For the CLUB CAT® Operations Manual

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EXHIBIT B
TO CLUB CAT
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

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

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

Illinois
Franchise Bureau
Office of the Attorney General
500 ~~S.~~South Second Street
Springfield, Illinois 62706
(217) 782-4465

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

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-~~7042~~6360

Michigan
Department of Attorney General
Consumer Protection Division
~~Attn: Franchise Section~~
Franchising Unit
525 W. Ottawa St.
G. Mennen Williams Building, ~~First~~1st Floor
Lansing, Michigan ~~48909~~48913
(517) 373-~~7117~~1837

Minnesota
Department of Commerce
85 7th Place East, Suite 280
~~St.~~Saint Paul, Minnesota 55101~~-2198~~
(651) 539-~~1627~~1600

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

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1
~~John O. Pastore Complex – Building 68-2~~
Cranston, Rhode Island 02920
(401) 462-~~9527~~9585

South Dakota
Department of Labor and Regulation
Division of ~~Insurance~~
Securities ~~Regulation~~
~~124 S. Euclid Ave., Suite 104~~
445 East Capitol
Pierre, South Dakota 57501
(605) 773-3563

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, ~~1st~~9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
~~P.O. Box 9033~~
~~Olympia~~150 Israel Road, S.W.
Tumwater, Washington ~~98507~~98501
(360) 902-8760

Wisconsin
Franchise ~~Administrator~~Registration
Division of Securities
Department of Financial Institutions
~~345 West~~201 W. Washington ~~Avenue~~Street, Suite 300
Madison, Wisconsin 53703
(608) 266-3364

EXHIBIT C
TO CLUB CAT
FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF AGENTS FOR SERVICE OF PROCESS

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

Texas
Capitol Services, Inc.
1501 S. MoPac Expy., Suite 220
Austin, Texas 78745

EXHIBIT D
TO CLUB CAT
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

CLUB CAT
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGE

EFFECTIVE DATE:	_____
EXPIRATION DATE:	10th anniversary of the date the Hotel opened for business
FRANCHISEE(S):	_____
ADDRESS OF FRANCHISEE(S):	_____
	_____
TELEPHONE NUMBER:	_____
FACSIMILE NUMBER:	_____
E-MAIL ADDRESS:	_____
MANAGING OWNER:	_____
SITE SELECTION AREA:	_____
	_____
APPROVED LOCATION:	_____
TERRITORY:	The geographical area consisting of
	_____
INITIAL FRANCHISE FEE:	☐ ~~$45~~ $35,000 (First Hotel not developed under a Development Agreement) ☐ $~~35~~30,000 (Second or subsequent Hotel not developed under a Development Agreement) ☐ $25,000 (First Hotel developed under a Development Agreement, credited in full from the paid Development Fee) ☐ $20,000 (Second or subsequent Hotel developed under a Development Agreement, amount credited in full from the paid Development Fee) ☐ Not Applicable as Transfer Fee Applies
EXTENDED TERM FEE (IF A TRANSFER):	$
ROYALTY FEE:	6% of Gross Revenue
~~**BRAND DEVELOPMENT FUND CONTRIBUTION**~~ **MARKETING FEE:**	Up to 2% of Gross Revenue
MINIMUM LOCAL ADVERTISING EXPENDITURE:	Amount designated by Franchisor periodically, not to exceed 2% of annual Gross Revenue
RENEWAL FEE:	$~~7,500~~5,000
TRANSFER FEE:	$1,000 (Convenience of Ownership, refer to Section 12.2)

	$5,000, plus reimbursements of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees) (Non-controlling Interest, refer to Section 12.3), provided, however, that if Franchisor determines any new Owners must undergo training, Franchisor may charge a reasonable tuition for such training and Franchisee agrees to cover all related travel, lodging, and dinning costs
	50% of ~~the~~Franchisor's then-current initial franchise fee for assignments transferring controlling interest or complete interest to existing CAT CLUB franchisees plus reimbursement of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees and broker costs) (refer to Section 12.4 of this Agreement)
	75% of Franchisor's then-current initial franchise fee for assignments transferring controlling interest or complete interest to new System franchisees plus reimbursement of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees and broker costs) (refer to Section 12.4 of this Agreement)
FRANCHISOR **ADDRESS FOR NOTICE**	Club Cat Franchising, LLC Attn: Shana Martin, Manager 1360 Reynolds Avenue, #120 Irvine, California 92614

~~Franchisor Initial~~ ~~Franchisee Initial~~

Franchisor Initial Franchisee Initial

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Attachment B Key Terms
Attachment C Statement of Ownership Interests
Attachment D Owner Agreement
Attachment E Confidentiality and Noncompetition Agreement
Attachment F Electronic Debit Authorization
Attachment G Telephone Number Assignment Agreement
Attachment H Lease Rider

CLUB CAT
FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into on the Effective Date by and between Club Cat Franchising, LLC ("**Franchisor**") and the Franchisee identified on the Summary Page (referred to in this Agreement as "**you**").

BACKGROUND

A. Franchisor has the right to use and license the use of a System and Marks for operating a boutique, luxury, cat-only "Hotel" under the name "CLUB CAT."

B. You have applied for the right to operate a Hotel using the System and Marks, and Franchisor has approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the manner in which the Franchised Business will be owned and operated.

AGREEMENT

In consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE RIGHTS; PROTECTED AREA

1.1. Grant. Franchisor hereby grants you the right ("**Franchise**") to operate a CLUB CAT Hotel at the Approved Location identified in Attachment B to this Agreement. If the Approved Location has not been selected as of the Effective Date, Attachment B will be completed by Franchisor at the time the Approved Location is selected. You agree to continuously operate the Hotel at the Approved Location for the entire franchise term.

1.2. Protected Area. Provided that you are in full compliance with this Agreement and all other agreements between you and Franchisor, Franchisor shall not operate or grant anyone but you the right to operate another CLUB CAT Hotel in the Protected Area identified in Attachment B to this Agreement. If the Protected Area has not been identified as of the Effective Date, Franchisor will determine the Protected Area when the Approved Location is selected and the Protected Area will be identified in Attachment B. Franchisor reserves to itself all other rights to use the System and Marks, including the right to operate and license the operation of similar or competing businesses under a different trademark, the right to operate and license the operation of businesses providing other cat-related services (such as grooming services), and the right to sell branded products through alternate channels of distribution including through retail stores and via online sales.

2. TERM AND RENEWAL

2.1. Initial Term. The initial term of this Agreement begins on the Effective Date and expires on the Expiration Date set forth on the Summary Page.

2.2. Renewal Term. You have an option to renew the franchise for two additional five-year renewal terms, subject to the following conditions having been met:

(a) You have delivered to Franchisor written notice of your intent to renew no less than eight months or more than 12 months before expiration of the then-current term;

(b) You are in full compliance with your obligations under this Agreement at the time the renewal notice is delivered and at the time the current term expires, and you have substantially complied with your obligations throughout the term;

(c) You are not in default of any real estate lease, equipment lease, financing instrument, or vendor agreement relating to the Franchised Business at the time the renewal notice is delivered and at the time the current term expires;

(d) You have the right to remain in possession of the Hotel premises or have secured other premises acceptable to Franchisor and the Hotel is ready to open at the new premises when the renewal period begins;

(e) You have renovated or agreed to renovate the Hotel premises to conform to the then-current image requirements for new Hotels.

(f) You and your employees are in compliance with Franchisor's then-current training requirements;

(g) You have signed a franchise agreement for the renewal term. The renewal form of franchise agreement will be the agreement being offered to new franchisees at the time of your renewal, which may include terms and conditions which differ from those contained in this Agreement, including, without limitation, different royalty and marketing fees and expenditures for advertising and promotion than are provided in this Agreement, except that (i) instead of the initial franchise fee, you will pay the renewal fee set forth on the Summary Page of this Agreement and (ii) any further renewal options will be governed by the terms of this Agreement;

(h) Each of your Owners shall have executed and delivered an Owner Agreement in the form Franchisor prescribes; and

(i) You and each Owner shall have executed and delivered to Franchisor a general release of all claims against Franchisor and its Affiliates in a form Franchisor prescribes.

2.3. Expiration. If this Agreement naturally expires without a renewal franchise agreement having been signed, then so long as you are using the Marks and/or System, the terms of this Agreement shall govern the parties' relationship except that the Royalty Fee shall increase to 8% of Gross Revenue.

3. SITE SELECTION AND LEASE

3.1. Approved Location. You must identify and secure a site for the Hotel within 180 after the Effective Date of this Agreement. The site must be located within the Site Selection Area identified in the Summary Page, must meet Franchisor's minimum criteria for the building and premises, and must be approved by Franchisor. For each proposed site that you identify, you must submit to Franchisor such information about the site as Franchisor may reasonably request to properly evaluate the proposed site. This may include, among other things, a description of the proposed site, zoning information, layout and design drawings, and information about other physical characteristics of the property. Franchisor will notify you of its decision within 30 days after receipt of all required information. Franchisor will provide one onsite evaluation without charge. To the extent that Franchisor provides additional onsite evaluations, you agree to reimburse Franchisor for any out-of-pocket costs that it incurs in connection with performing the evaluation. You may relocate the Hotel if you lose possession of the Hotel premises or if the Hotel premises is materially damaged or affected by factors beyond your reasonable control; provided that the new site must first be approved by Franchisor according to the procedures described in this paragraph and the new Hotel must be open for business within a reasonable time not to exceed six months from the date the previously Hotel closed for business. Franchisor may refuse to approve relocation site if the proposed site is outside your Protected Area or if, in Franchisor's reasonable judgment, the proposed site is too close to an existing CLUB CAT Hotel or materially affects plans for development of new CLUB CAT Hotels. **The parties acknowledge and agree that Franchisor's permission to develop a Hotel at a particular site is not an assurance that the Hotel will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria for a CLUB CAT Hotel.**

3.2. Lease. If you occupy the Hotel premises pursuant to lease, the lease terms must be approved by Franchisor before the lease is signed. Franchisor will notify you of its decision within 30 days after receipt of the proposed lease and all required information. As a condition for approval, the landlord must agree to sign the Lease Rider with the terms contained in Attachment H to this Agreement. You must deliver to

Franchisor a fully executed copy of the lease and any amendments thereto within 10 days after execution.

3.3. Hotel Design and Buildout. You shall build out and equip the Hotel premises in accordance with the Brand Standards. You are solely responsible for obtaining all government approvals, including zoning classifications, permits, and clearances, related to the Hotel and for complying with applicable requirements of the Americans with Disabilities Amendments Act and other codes and regulations. During construction, you must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting you, Franchisor, and Franchisor's Affiliates, and their respective owners, governing persons, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective owners, governing persons, agents, and employees. You shall notify Franchisor in writing when construction begins, and thereafter shall provide a monthly progress report. Franchisor and its designees have the right to inspect the site at all reasonable times.

3.4. Opening. When the Approved Location is identified, the parties will mutually agree on an opening date ("**Opening Date**"), which will be no later than 180 days after the Approved Location is acquired by purchase or lease, or more than a year after the Effective Date, whichever occurs first. The Opening Date will be reflected on Attachment B. You must cause the Hotel to open for business by the Opening Date; provided that the Hotel may open for business only with Franchisor's prior written permission, which will be granted only if: (a) all amounts due Franchisor under this Agreement have been paid; (b) the Hotel has been constructed, equipped, and decorated according to the Brand Standards; (c) all of your pre-opening and training obligations have been satisfied; (d) Franchisor has received from you a signed ACH Authorization (Attachment ~~E~~F); (e) Franchisor has received from you a fully executed copy of your premises lease and a fully executed copy of the Lease Rider; (f) Franchisor has received from you certificates of insurance as required by this Agreement; and (g) you are otherwise in good standing under this Agreement. You shall notify Franchisor in writing at least 10 days prior to the date you expect construction and/or renovation to be completed and a certificate of occupancy to be issued. If requested by Franchisor, you shall submit a copy of the certificate of occupancy to Franchisor. Franchisor reserves the right, after receiving your notice, to conduct a final inspection of the Hotel to determine your compliance with this Agreement.

4. FEES

4.1. Initial Franchise Fee. You shall pay to Franchisor an Initial Franchise Fee in the amount specified in the Summary Page. The Initial Franchise Fee is fully earned upon execution of this Agreement and is not refundable. ~~If the Franchised Business will be located in the State of California, payment of the Initial Franchise Fee will be deferred until Franchisor has completed all of its pre-opening obligations and the Hotel is open for business. If the Franchised Business will be located anywhere other than State of California, the~~The Initial Franchise Fee is due and payable upon execution of this Agreement. The Initial Franchise Fee is fully earned upon payment and is nonrefundable when paid.

4.2. Royalty Fee. During the Term, you shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Page for the term of the Agreement for the right to use the System and Marks.

~~4.3. Advertising Contributions and Expenditures. During the Term, you shall spend minimum amounts for local advertising in accordance with the Brand Standards and shall contribute to the Brand Development Fund as described in Article 9 of this Agreement.~~

4.3. Marketing Fee. You must pay to us a marketing fee ("Marketing Fee") equal to 2% of Gross Sales. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate.

4.4. Technology Fee. The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing

Internet and communications technologies that may benefit franchisees of the System. Accordingly, in addition to the Royalty Fee, Franchisor reserves the right to impose a Technology Fee in an amount determined by Franchisor, in its sole discretion, to cover the expenses associated with the implementation, deployment, and maintenance of automated services and services provided by electronic means.

4.5. Advances, Purchases, and Reimbursements. You shall promptly reimburse Franchisor for all amounts advanced by Franchisor on your behalf for any reason whatsoever (including customer reimbursements as permitted by this Agreement), and shall timely pay all amounts due to suppliers and trade vendors (subject to any bona fide dispute).

4.6. Administrative Fee. If at any time you fail to comply with the Brand Standards, Franchisor may charge you an administrative fee ("**Administrative Fee**") as compensation for the resources expended to correct the issue as follows: $250 for each "enforcement effort" that Franchisor undertakes on account of your noncompliance with Brand Standards (e.g., a letter, email, or telephone communication notifying you of noncompliance or continued noncompliance) and, if Franchisor has notified you of noncompliance and you have failed to correct the issue within seven days, $250 per week until the issue has been corrected.

4.7. No Set-off Rights. You may not set-off, deduct, or otherwise withhold any fees or other amounts due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. Withholding payment of Royalty Fees, or any other amounts due Franchisor is a material breach of this Agreement.

4.8. Payment Terms and Procedures. . Royalty Fees and ~~Brand Fund contributions~~Marketing Fees are currently imposed and collected on a ~~weekly~~monthly basis, but Franchisor may modify the payment periods and terms in its discretion. All payments required by this Agreement shall be paid within the time Franchisor specifies ("**Due Date**"). If the Due Date is not a Business Day, then payment shall be due on the next Business Day. Franchisor shall determine the amount of the Royalty Fee, ~~Brand Development Fund contribution~~Marketing Fee, and other amounts due under this Agreement by accessing and retrieving your Gross Revenue data as permitted by Article 10. On each Due Date, Franchisor will transfer from your commercial bank operating account ("**Account**") the fees due and owing. If you have not reported Gross Revenue for any reporting period, or if Franchisor determines that you have underreported Gross Revenue, Franchisor also has the right to collect from the Account, at its option, an estimated Royalty Fee and ~~Brand Development Fund contribution~~Marketing Fee, which estimate shall be based on prior amounts until sufficient documentation exists to prepare an accurate reconciliation. Any underpayments will bear interest according to Section 4.10., below. Any overpayment will be credited against future payments due under this Agreement.

4.9. Electronic Fund Transfer. You shall participate in Franchisor's then-current electronic funds transfer program. To this end, you shall: ***(i)*** comply with Franchisor's procedures, as specified in the Manual, or otherwise in writing; ***(ii)*** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.9; ***(c)*** execute and deliver to Franchisor a form authorizing Franchisor to collect the Royalty Fee, and all other amounts due under this Agreement; and ***(d)*** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof. Notwithstanding the provisions of this Article 4, Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee, and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.10. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by law of the jurisdiction in which the Hotel operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of $100 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

4.11. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Franchisor's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment. Franchisor may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.11. Payment of Taxes. If any tax is imposed on payment owed to Franchisor (other than a tax imposed on Franchisor's net income), then you shall be responsible and shall pay the tax in addition to your payment obligation, the intent being that Franchisor shall receive all payments in full, as if no such tax had been imposed.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. Before the Hotel opens for business, Franchisor will provide, you must cause two individuals, including your Key Person, to attend and complete to Franchisor's satisfaction Franchisor's initial training program. The initial training program will take place at a location and time that Franchisor designates. Up to two individuals, including your Key Person, may attend Franchisor's initial training program without charge. At your request, Franchisor may permit three additional individuals to attend the same training program, subject to space availability and payment of a reasonable tuition. You are responsible for all costs and expenses of complying with Franchisor's training requirements including, without limitation, tuition and registration costs and salary, travel, lodging, and dining costs for all of your employees who participate in the training.

5.2. Opening Assistance.

5.2.1. If this Agreement is being signed in conjunction with your first CLUB CAT Hotel, Franchisor will make available at least one individual to provide you 5 days of on-site opening assistance. At your request, or if Franchisor deems necessary, Franchisor shall provide additional on-site opening assistance, subject to availability of personnel. In such event, Franchisor has the right to charge (and you agree to pay) a per diem fee of $300 per individual providing such assistance per day, and you must reimburse Franchisor for all out-of-pocket costs that it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such assistance.

5.2.2. If this Agreement is being signed in conjunction with your second or additional CLUB CAT Hotel, Franchisor has no obligation to offer on-site opening assistance. However, Franchisor may elect to provide such on-site opening assistance as it deems necessary and appropriate, in its sole discretion. In such event, Franchisor has the right to charge (and you agree to pay) a per diem fee not to exceed $300 per individual providing such assistance per day, and you must reimburse Franchisor for all out-of-pocket costs that it incurs in connection with providing such on-site opening assistance, including travel, lodging and dining costs for the individual(s) providing such assistance.

5.3. Pre-Opening Consultation. Franchisor shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice concerning the development, operation, and promotion of the Hotel, and such other matters as Franchisor deems appropriate.

5.4. Ongoing Consultation. Franchisor shall provide such ongoing consultation and advice as it deems appropriate, which may include advice concerning the operation and promotion of the Hotel. Such consultation and advice may be provided, in Franchisor's discretion, through private meetings (either in person at your Hotel location or virtual), by way of in person or virtual seminars or conferences, and/or through dissemination of electronic or printed materials.

5.5. Additional Training. You shall cause your Key Person and/or other employees that Franchisor designates to attend such additional courses, seminars, and other training programs as Franchisor may reasonably require. You may also request additional training. Franchisor may charge a reasonable tuition

for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.6 Mandatory Ongoing Training. Franchisor from time to time may provide and, if it does, may require that previously trained and experienced personnel attend and successfully complete refresher training programs or seminars at such location as may be designated by Franchisor, and at Franchisee's expense; provided, however, that attendance will not be required at more than three such programs for a minimum of two days each in any calendar year.

5.7. Performance by Delegate. You acknowledge and agree that any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents, employees, or third party contractors.

6. OPERATION OF THE FRANCHISED BUSINESS

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

(a) To operate the Franchised Business according to the highest applicable health standards and ratings, to timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business in accordance with the Brand Standards, and to maintain, at all times, high moral and ethical standards in the operation of the Franchised Business.

(b) To accept debit cards, credit cards, stored value cards, or other non-cash systems that Franchisor specifies periodically to enable customers to purchase other authorized goods and services, and to install all hardware and/or software necessary to accept such payments.

(c) To take reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach.

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

(e) Upon the occurrence of a Crisis Management Event, to immediately inform Franchisor (or as otherwise instructed in the Manual) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

(f) To process and handle all consumer complaints connected with or relating to the Hotel, and to promptly notify Franchisor of all: (***i)*** safety or health violations; ***(ii)*** claims exceeding $1,000; and ***(iii)*** any other material claims against or losses suffered by the Franchised Business. You shall maintain any communications with governmental authorities affecting the Hotel during the term of this Agreement and for one year after the expiration or earlier termination hereof. If any customer of the Franchised Business contacts Franchisor to report a complaint about your Hotel, the parties agree that Franchisor may, in its discretion, compensate the customer in such manner as Franchisor determines appropriate, and you agree to reimburse Franchisor the amount of such compensation upon demand by Franchisor.

6.2. Management.

6.2.1. During the first year of the Hotel's operation or until the Hotel meets a certain occupancy threshold of 75% booked on average per month April through December each year (whichever occurs later), the Hotel must be managed on premises six full days per week by an individual with a 51% ownership

interest in the franchise (the "**Managing Owner**").

6.2.2. Thereafter, the Hotel must at all times be supervised by your Key Person. The Key Person need not have an equity interest in the franchise, but must sign a Confidentiality and Noncompete Agreement in the form Franchisor prescribes. The Key Person shall have full control over day-to-day Hotel management and operations and must have the power and authority to make decisions and to communicate with Franchisor concerning Franchised Business-related matters. The Key Person must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. The Key Person shall devote full-time efforts to Hotel operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor shall have approved the Key Person as meeting its then-current qualifications for such position. If the Key Person ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your Key Person within 30 days after the date the prior Key Person ceases to serve or no longer qualifies to serve. Any proposed replacement Key Person must successfully complete the initial training program and such other training (including food safety training) required by Franchisor, and be approved by Franchisor, before assuming their position as Key Person and, in no event, later than 90 days after the previous Key Person ceased to serve in such position.

6.3. Employees. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees render competent, prompt, courteous, and knowledgeable service in accordance with the Brand Standards. You shall cause all employees, while working at the Hotel, to present a neat and clean appearance and to wear branding-related apparel and shall prohibit your employees from wearing branding-related apparel during off-work hours. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Franchisor (1) has no power or authority to hire or fire your employees, (2) has no power or authority to supervise or control your employees' work schedules or conditions of employment, (3) does not determine the rate or method of payment for your employees, and (4) has no right to maintain and does not maintain employment records for your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours in accordance with the laws of your jurisdiction, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees.

6.4. Authorized Services. You shall offer and provide all services and sell all merchandise that Franchisor requires be provided and sold. You may offer and provide only the services, and may sell only the merchandise, that Franchisor has approved for sale by the Franchised Business. You shall provide all services according to the Brand Standards. You shall participate in all market research programs that Franchisor requires and provide Franchisor with timely reports and test results for all such programs.

6.5. Approved Items and Services. You shall cause to be installed at the Hotel, all fixtures, furnishings, equipment, decor, signs, and other items and services as Franchisor directs; and shall refrain from installing or permitting to be installed on or about the Hotel premises any fixtures, furnishings, equipment, decor, signs, or other items or services not approved by Franchisor. In connection with the operation of the Hotel, you shall cause to be acquired and used only the products, services, supplies, and merchandise that Franchisor prescribes or has approved.

6.6. Purchases from Designated Sources.

6.6.1. You shall purchase from Franchisor's approved or designated suppliers or distributors ("**Approved Suppliers**") all products and services necessary to construct and operate the Hotel, including fixtures, furniture, equipment, décor, signs, merchandise, supplies, music, software applications, marketing services, accounting services, insurance, and gift card services. At Franchisor's request, you also may be required to use the services of Franchisor's preferred tenant representation broker to assist you in selecting

a site for the Hotel. Franchisor shall communicate to you information about Approved Suppliers via the Manual or otherwise in writing. Franchisor may receive money or other benefits from Approved Suppliers based on your purchases; you agree that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

6.6.2. You may purchase items and services for which Franchisor has not identified Approved Suppliers from any source, so long as the items and services meet the Brand Standards.

6.6.3. Franchisor may from time to time modify the list of Approved Suppliers and/or Approved Brands. You shall promptly comply with all such modifications.

6.6.4. **Franchisor makes no representation concerning, and expressly disclaims any liability arising out of or in connection with, the services rendered or products furnished by any supplier approved or designated by Franchisor. Franchisor's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Franchisor.**

6.6.5. If you propose to purchase from a previously unapproved source, you shall submit to Franchisor a written request for such approval or shall request the supplier to submit a written request on its own behalf. Franchisor has no obligation to consider your request, but if it does, may condition its consideration on your providing requested information, on being granted access to inspect the supplier's facilities, and/or delivery of samples to Franchisor and/or to an independent laboratory Franchisor designates. You shall reimburse Franchisor for its cost in such review, tests, and inspections. Franchisor also shall have the right to impose a reasonable testing fee. Franchisor will notify you within 30 days of your request as to whether you are authorized to purchase such products from that supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability.

6.7. Hotel Premises.

6.7.1. You shall maintain the Hotel in a clean, orderly condition and in excellent repair and in accordance with the Brand Standards. You shall, at your expense, make such repairs, renovations, and replacements as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor. You shall install and maintain at the Hotel interactive multi-media equipment, devices, and facilities Franchisor requires, including, without limitation, approved surveillance systems, music systems, Wi-Fi, and other wireless Internet and communications systems, and interactive displays. You must cause the Hotel to play only the music or types of music that Franchisor designates. If a designated music provider has been identified, you must acquire music from such provider.

6.7.2 You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, or any other mechanical or electrical device to be installed or maintained at the Hotel premises without Franchisor's prior written consent.

6.7.3 At Franchisor's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other sections of this Agreement), you shall renovate and refurbish the Hotel premises, at your own expense, to conform to the then-current public image for new or remodeled CLUB CAT Hotels. This may require replacement or renovation of the Hotel suites and other structural changes that Franchisor may reasonably require or that may be required by law.

6.7.5 Any vehicle used in connection with the operation of the Hotel shall be maintained in excellent condition and repair and shall meet Franchisor's Brand Standards.

6.8. Days and Hours of Operation. You shall cause the Hotel to be open and in normal operation for such hours and days as Franchisor may specify in the Manual or in other written directives, and only during the hours and on the days that Franchisor permits.

6.9. Quality Assurance Inspections; Mystery Shops. Franchisor has the right to enter upon the Hotel premises during regular business hours for purposes of conducting quality assurance audits and mystery shops and to assess customer satisfaction. Such quality assurance audits and mystery shops may be conducted by Franchisor personnel at Franchisor's expense, or by independent, third party providers at your expense. At Franchisor's request, you shall engage one or more third party service providers, which may be designated by Franchisor, to provide periodic quality assurance audits and/or mystery shops at your sole cost and expense.

6.10. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products or services.

6.11. Online Communications System. Franchisor may, at its option, establish and maintain an online communications system through which members of the CLUB CAT franchise network may communicate and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor may establish policies and procedures for system use. You acknowledge that Franchisor has access to all communications posted on or sent using the system. Franchisor has the right to suspend your use of the system during any period of your default.

6.12. Website. Franchisor may, but shall not be obligated to, establish and maintain a public website that provides information about CLUB CAT Hotels. The website may provide information about your Hotel including location, suite availability, and applicable rates.

6.13. Social Media. You shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with your operation of the Hotel and you will agree to any Social Media policy Franchisor implements.

6.14. Technology Risk. You acknowledge and agree that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, you assume all of the risk of all such issues and technology failures, which you acknowledge may affect your ability to order or receive products or to conduct business, and you acknowledge that Franchisor is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.

6.15. Customer Privacy. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you agree that you shall cause the Hotel to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("**FACTA**"), and all other data security requirements Franchisor may prescribe. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. You shall defend, indemnify and hold harmless Franchisor, Franchisor's affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees ("**Franchisor Indemnitee**") from and against all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including but not limited to notification and investigation expenses, reasonable attorneys' fees, the cost of enforcing any right to indemnification hereunder, and the cost of pursuing any insurance providers, arising out of or resulting from any third-party claim or investigation against any Franchisor Indemnitee arising out of or resulting from your failure to comply with any of yours obligations under this Section 6.16.

6.16. Best Efforts. You shall use your best efforts to promote and increase the sales and recognition of goods and services offered through the Franchised Business. You shall require all of your employees,

managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all goods and services provided as part of the System.

6.17 Point of Sale; Computer Systems. You will acquire and use only the point of sale and computer systems and equipment, including hardware and software, that we prescribe for use by CLUB CAT Hotels ("**Computer System**"), and adhere to our requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections. As technology or software is developed in the future, we may, in our sole discretion, require you to replace, modify, or add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software as we prescribe. You will also procure any related service and maintenance contracts for ongoing technology support that we may require. You agree and acknowledge that we will have full access to all of your data, system, and related information recorded or stored by and on the Computer Systems by means of direct access whether in person or remotely and you will not block or deny our access to the same.

6.18 Software; Technology and Information Systems. You will: ***(a)*** purchase, install, and use any Technology and Information Systems we designate, including any proprietary software programs, third party software programs, system documentation manuals, and other proprietary or non-proprietary materials that we may require in connection with the operation of the Store; ***(b)*** input and maintain in your computer such data and information as we prescribe in the Manuals, software programs, documentation, or otherwise; and ***(c)*** purchase, install, and use new or upgraded software programs, system documentation manuals, and other proprietary materials, or execute and renew licenses for existing software, at then-current prices whenever we adopt such new or upgraded programs, manuals, and materials system-wide. You will enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed thereunder.

7. INTELLECTUAL PROPERTY

7.1. Franchisor's Representations. Franchisor represents to you that it has the right to use and to sublicense to you the right to use the Marks and Copyrights in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You acknowledge that Franchisor or its Affiliate owns all right, title, and interest in and to the Marks and Copyrights and the goodwill associated with the Marks, and that you have no ownership interest in the Marks or Copyrights. You further acknowledge and agree that any and all goodwill created by your use of the Marks inures exclusively to the Franchisor's benefit and that, upon the expiration or termination of this Agreement for any reason, you are not entitled to any monetary value for goodwill based on your use of the Marks. You understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

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

7.4. Restriction Against Use in Your Legal Name. You may not use the Marks or any part thereof in your legal name and may not use them to incur any obligation or indebtedness on Franchisor's behalf. You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name

registrations and shall execute any documents necessary to obtain protection of the Marks or to maintain their continued validity and enforceability.

7.5. Restriction Against Use of the Marks and Copyrighted Works on the Internet. You may not publish the Marks or any part or derivative thereof or any of Franchisor's Copyrighted Works on the Internet except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register the Marks or any part or derivative of the Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER, TIKTOK, NEXTDOOR, or YOUTUBE), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) Franchisor's Copyrighted Works, which include the design portion of its Marks and collateral merchandise identified by the Marks.

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

7.7. Infringement. You shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Marks, Copyrighted Works, or any challenge to Franchisor's or its Affiliate's ownership of, Franchisor's license to use and to license others to use, or your right to use, the Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Franchisor or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. Franchisor or its Affiliate has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. Franchisor shall defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If Franchisor, in its sole discretion, determines that you have used the Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that you have not used the Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse you for your associated costs.

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

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

and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Franchisor as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 15.7 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

8. SYSTEM, MANUALS AND INFORMATION

8.1. Manual. Franchisor will provide you access to the Manual, which may be in electronic format. You shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. The Manual shall at all times remain the sole property of Franchisor. You shall ensure that your copy of the Manual is kept current at all times, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall be controlling. If your copy of the Manual is lost or destroyed, or if you fail to return the Manual upon expiration or termination of this Agreement, you must pay Franchisor a $250 Manual replacement fee.

8.2. System Modification. Franchisor has the right to modify the System, periodically, which modifications may include offering new or different services and adapting to market and technology changes. You agree to take all steps necessary to comply with the modification, which may include replacement or renovation of furniture, fixtures, equipment, acquiring new software or subscriptions, and/or new décor. Franchisor shall notify you of any such System changes and you shall implement any System changes upon receipt of notice and shall complete their implementation within such time as Franchisor may reasonably specify.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to the Brand Standards. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 days of their receipt. You may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

9.2. Grand Opening and Initial Marketing Campaign. You must conduct a grand opening of the Hotel within seven days after it opens for business and must conduct an initial marketing campaign before and during the 30-day period after the Hotel opens for business. Your grand opening and initial marketing campaign must conform to our Brand Standards.

9.3. ~~Brand Development Fund. Franchisor may establish a Brand Development Fund ("**Fund**"). If the Fund is established, you will be required~~ Marketing Fee. You must pay to ~~contribute to the Fund an amount that Franchisor determines from time to time, not to exceed~~ us a Marketing Fee in the amount stated on the Summary ~~Page.~~

~~9.3.1. Franchisor has the right to use Fund monies, in its~~Pages. In consideration for the Marketing Fee, we will provide such advertising, marketing, and promotional services as we deem appropriate in our sole discretion~~, to pay for creative development services, marketing studies, marketing services, customer surveys, public relations, media placement, website development and content creation, sponsorships and~~

endorsements, prize promotions, customer loyalty programs, charitable donations, and trade organization members. Franchisor also. We may collect the Marketing Fee on such periodic basis as we specify, which may use Fund monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 9.3.1.

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

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

9.4. Local Marketing Expenditure. Each year, you shall spend the Local Marketing Expenditure amount set forth in the Summary Pages to promote the Hotel in your market area. Only expenditures made for Franchisor-approved types of marketing will count toward satisfaction of your Local Marketing Expenditure. At Franchisor's request, you must submit to Franchisor invoices and other documentation that reflects your compliance with this Section 9.4. Any amounts contributed to an Advertising Cooperative pursuant to Section 9.5., below, will count toward satisfaction of your Local Marketing Expenditure.

9.5. Participation in Marketing Programs. You shall fully participate in all customer loyalty and reward programs and all other marketing programs which Franchisor may develop from time to time.

10. RECORDKEEPING AND REPORTS

10.1. Customer Data Input. You shall input all customer data using the software and procedures prescribed by Franchisor.

10.2. Books and Records. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records, including financial statements prepared employing generally accepted accounting principles and using the chart of accounts prescribed by Franchisor. You shall preserve all of your books, records, and income and sales tax returns for at least five years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within five days after Franchisor's written request.

10.3. Periodic Reports. You shall submit to Franchisor, in the form prescribed by Franchisor, a quarterly profit and loss statement and balance sheet (both of which may be unaudited) within 30 days after the end of each fiscal quarter. Franchisor shall have the right, to be exercised in its sole discretion, to require that you provide Franchisor profit and loss statements and balance sheets at other times as requested by Franchisor.

10.4. Annual Reports. Within 60 days after your fiscal year end, you shall submit to Franchisor an annual profit and loss statement and balance sheet. If you are in default of your obligations under this Agreement or if Franchisor, in its reasonable discretion, determines that additional assurances regarding reporting accuracy are required, Franchisor may require that the annual financial statements be reviewed by an independent certified public accountant designated by or acceptable to Franchisor.

10.5. Other Reports. You shall submit to Franchisor such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

10.6. Audit Rights. Franchisor or its designee shall have the right at all reasonable times, both during and after the term of this Agreement, to inspect, copy, and audit your books, records, and federal, state, and local tax returns, sales tax returns and such other forms, reports, information, and data as Franchisor reasonably may designate, applicable to the operation of the Franchised Business. If an inspection or audit discloses a failure to report Gross Revenue or an understatement of Gross Revenue, you shall pay Franchisor, within 10 days after receipt of the inspection or audit report, the deficiency in the Royalty Fees and ~~advertising contributions~~Marketing Fees plus interest (at the rate and on the terms provided in Section 6.E.) from the date originally due until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records, or information on a timely basis, or if an understatement of Gross Revenue for the period of any inspection or audit is determined to be greater than 2%, you also shall reimburse Franchisor for the reasonable cost of the inspection or audit including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, room, board, and compensation of Franchisor employees or designees involved in the inspection or audit. The foregoing remedies shall be in addition to all other remedies and rights available to Franchisor under this Agreement and applicable law.

10.7. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Franchisor to publish information concerning the Hotel's Gross Revenues and other information reported to Franchisor in its franchise disclosure document.

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

11. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1. Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed between them. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies meeting Franchisor's minimum insurance requirements. Each such policy shall be written by an insurance with an A.M. Best rating of not less than A-VII, shall be primary and non-contributory to any insurance carried by Franchisor or its Affiliates., and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates. You also must maintain Builder's Risk

insurance during the construction phase, naming Franchisor as an additional insured on all liability policies from contractors and sub-contractors and general liability policy during the construction phase. Franchisor has the right to increase or modify required minimum coverages at any time. Your obligation to obtain and maintain insurance is not limited in any way by reason of any insurance maintained by Franchisor, and your compliance with minimum insurance requirements will not relieve you of your indemnification obligations under Section 11.3 of this Agreement.

11.2.3. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium and pay an administrative fee equal to $500.

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

11.2.5. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium upon demand plus the administrative fee described above.

11.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates, and their respective directors, officers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from any and all "**Losses and Expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof arising out of or related to your operation of the Franchised Business ("**Event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3, the term "**Losses and Expenses**" includes compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any Event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Indemnitees or the System.

12. TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person in its sole discretion. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment as if the assignee were the original franchisor party to this Agreement.

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are a natural person, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of operating the Franchised Business; ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you and your Owners sign a general release in favor of Franchisor and its related entities and individuals in the form Franchisor requires; ***(d)*** all holders of a legal or beneficial interest in the Business Entity has signed an Owner Agreement in the form of Attachment D-1; and ***(e)*** you pay to Franchisor a Transfer Fee in the amount set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your original Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: ***(a)*** you have provided to Franchisor advance notice of the transfer, ***(b)*** Attachment C has been amended to reflect the new ownership; ***(c)*** each new Owner has signed an Owner Agreement in the form of Attachment D-1; ***(d)*** each previous and~~/or~~, if applicable, new Owner has signed a general release in favor of Franchisor and its related entities and individuals in the form Franchisor requires; and ***(e)*** you pay to Franchisor a Transfer Fee in the amount set forth in the Summary Pages.

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

12.4.1. Your written request for consent in writing and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor's determination, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

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

12.4.4. You or the transferee shall have agreed to refurbish the Hotel premises so that it meets Franchisor's image requirements for new CLUB CAT Hotels;

12.4.5. You and each Owner have executed a general release and covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and any other matters incident to the termination of this Agreement or to the transfer of your interest herein or to the transfer of your ownership of all or any part of the Franchise; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You agree to remain liable for all direct and indirect obligations to Franchisor in connection

with the Franchised Business prior to the effective date of the transfer, shall continue to remain responsible for your obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration or transfer, and shall execute any and all instruments reasonably requested by Franchisor to further evidence such obligation;

12.4.7. Payment of the Transfer Fee in the amount set forth in the Summary Pages;

12.4.8. The transferee has executed the form of franchise agreement that is then being offered to new franchisees, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of ~~5~~ten years for the extension of an initial term and five years for the extension of a renewal term) by paying an extended term fee ("**Extended Term Fee**"). The Extended Term Fee will be calculated as Franchisor's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

12.4.9. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Owner Agreement;

12.4.10. You or the transferee must provide Franchisor with a copy of the agreements of purchase and sale between the transferor and the transferee. The economic terms of the transfer may not materially and adversely affect, in Franchisor's sole judgment, the post transfer viability of the Franchised Business;

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

12.4.12. You have complied with the requirements set forth in Section 12.8.; and

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

12.5. Transfers Void. You understand and acknowledge that Franchisor has entered into this Agreement in reliance on your business skill, financial capacity, personal character, and experience. Accordingly, you may not sell or transfer your interest in this Agreement or the assets of the Franchised Business (except in the ordinary course of your business) without Franchisor's prior written consent. In addition, if you are a Franchised Business Entity, no Owner may transfer or assign their equity interest in the Franchised Business Entity without Franchisor's prior written consent. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

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

12.8. Right of First Refusal.

12.8.1. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business in connection with the transferee's execution of a CLUB CAT Franchise Agreement, or if any Owner receives a bona fide offer to purchase their r equity interests in you, and if you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market

value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer.

12.8.2. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: ***(a)*** the closing date specified in the third party offer; or ***(b)*** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 12.8. shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any Owner, administrator, or personal representative of the deceased Owner shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section13.5.

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

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You will be in default under this Agreement, and all rights granted to you in this Agreement will terminate automatically without notice and without opportunity cure, if (a) you make a general assignment for the benefit of creditors, or (b) if a petition in bankruptcy is filed by you or a petition for bankruptcy or proceeding for appointment of a receivership is filed against you and is not dismissed within a reasonable period of time, or (c) or if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed).

13.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: ***(a)*** your Key Person fails to successfully complete training; ***(b)*** you fail to open the Hotel for business by the Opening Date; ***(c)*** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive days or more); ***(d)*** you lose any license required to operate the Franchised Business or you lose your right to occupy the Hotel premises; ***(e)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(f)*** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; ***(g)*** you or any Owner fails to comply with the confidentiality or noncompete covenants in this Agreement; ***(h)*** you or any Owner has made any material misrepresentations in connection with your franchise application; ***(i)*** you fail to comply with notification requirements set forth in Sections 6.1.(d) or (e) concerning investigations and Crisis Management Events; ***(j)*** you understate any payment to Franchisor by 2% or more, or understate any such payment in any amount, twice in any two-year period; ***(k)*** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; ***(l)*** you knowingly maintain false books or records or submit any false reports or statements to Franchisor; ***(m)*** you offer unauthorized products or services from the Hotel premises or in conjunction with the Marks or Copyrighted Works; ***(n)*** purchase items for which Franchisor has identified Approved Suppliers from an unapproved source; ***(o)*** failure to

pass two or more quality assurance inspections within any rolling 12-month period; or ***(p)*** Franchisor delivers to you three or more written notices of default pursuant to this Article 13 within any rolling 12-month period, regardless of whether or not the defaults described in such notices ultimately were cured.

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

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

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

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

13.7. Step In Rights. To prevent any interruption of the business of the Hotel, and any injury to the goodwill and reputation to the System which may be caused thereby, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Hotel on your behalf for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that: ***(a)*** your Operations Manager is absent or incapacitated by reason of illness, death or disability and, therefore, in Franchisor's sole determination, you are not able to operate the Hotel in full compliance with this Agreement; ***(b)*** any allegation or claim is made against your or any Owner, or the operation of the Hotel, involving or relating to fraudulent, deceptive or illegal practices or activities; or ***(c)*** Franchisor determines that operational problems require Franchisor to operate your Hotel for a period of time to maintain the operation of the business as a going concern. If Franchisor undertakes to operate the Hotel pursuant to this Section 13.7., Franchisor shall have the right to collect and pay from the revenues of the Hotel all operating expenses including, without limitation, Royalty Fees, Advertising Fees, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee of up to 10% of Gross Revenue. You shall indemnify and hold harmless Franchisor from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives. Nothing contained herein shall prevent Franchisor from exercising any other right which Franchisor may have under this Agreement, including, without limitation, termination.

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

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1. Cease Use of Marks; Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings. You shall immediately cease all use of the Marks, Copyrighted Works, and Confidential Information. You shall cancel any assumed name registration containing the Marks. You shall, at Franchisor's option and request, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised

Business. You hereby appoint Franchisor as your attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor. This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement.

14.2. Assignment of Lease; De-Identification. At Franchisor's request, you shall assign to Franchisor or its designee your interest in the lease, including your interest in all leasehold improvements, without additional compensation. If Franchisor does not request assignment of the lease before or as of the date of expiration or termination of this Agreement, then within 10 days after termination or expiration of this Agreement, you shall modify the Hotel to remove all elements of Trade Dress and do all other things that may be necessary to distinguish the appearance of the premises from that of other CLUB CAT Hotels, and shall make such specific additional changes to the Hotel premises as Franchisor may reasonably request for that purpose. If you fail de-identify the Hotel premises within a reasonable time, you hereby grant a license to Franchisor's personnel and designees to enter upon the Hotel premises and take all actions necessary to de-identify the premises as a CLUB CAT Hotel including the removal of signage and cat suites. Franchisor may charge a reasonable fee for its services; you agree to pay the fee on demand and to reimburse Franchisor for all de-identification related costs that it incurred.

14.3. Return of Manual and Other Confidential Information; Customer Data. You shall immediately deliver to Franchisor the Manual and all other materials containing Confidential Information, including Customer Data, and all copies thereof (all of which are acknowledged to be the property of Franchisor); provided that you may retain information to the extent necessary and solely for purposes of complying with your legal and tax obligations. You acknowledge and agree that, upon expiration or termination of this Agreement, you have no right to use any Customer Data for any commercial purpose.

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

14.5 Payment of all Due Amounts; Liquidated Damages. You agree to pay to us within 15 days after this Agreement expires or is terminated all unpaid Royalty Fees and Marketing Fees, all amounts due for purchases from us or our Affiliates, any other amounts due to us or our Affiliates which are unpaid, and all applicable late fees and interest. If we terminate this Agreement due to your default hereunder, or under any other agreement with us, or if you terminate this Agreement before this Agreement's scheduled expiration date, you will pay to us, as liquidated damages and not as a penalty, damages in the amount equal to ***(i)*** your average monthly Royalty Fee plus your average monthly Marketing Fee due for the last 12 months (or, if less, the period the Hotel has been open) before termination, ***(ii)*** multiplied by the lesser of 36 or the number of months remaining in the then-current term of the Franchise Agreement, and ***(iii)*** discounted to present value using the then-current prime rate of interest quoted by our principal commercial bank.

14.6 Covenants. You will comply with the covenants contained in Section 15.1 and 15.3 and as otherwise provided for under this Agreement, which survive the expiration or termination of this Agreement

15. PROTECTION OF GOODWILL AND CONFIDENTIAL INFORMATION

15.1. Confidentiality. You and each Owner shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business and shall divulge Confidential Information only to your employees and only on a need-to-know basis. You acknowledge that if any Confidential Information is disclosed, it could substantially harm the System, the Franchisor, other franchisees and agents of Franchisor. You agree that, during and after the

term of this Agreement, you will not disclose any Confidential Information to any Person who has not already lawfully obtained this information from Franchisor. If you violate this provision, then, because anticipated damages are uncertain in amount and difficult to prove, and because you and Franchisor wish to agree upon said damages in advance, you will pay to Franchisor, immediately on receipt of written notice, the nonrefundable sum of $15,000 as liquidated damages per breach.

15.2. Non-Competition During Term of Agreement. You and each Owner acknowledge that, during the Term, they will have access to specialized training and Confidential Information, including Customer Data and secret practices and processes that give you a competitive advantage over competitors. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.2.1. Divert or attempt to divert any present or prospective customer of the Hotel to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

15.2.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.3. Non-Competition After Expiration or Termination of Agreement. For a continuous two-year period commencing upon a transfer permitted under Section 12 of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination), you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business and is, or is intended to be, located ***(a)*** at the location of the former Hotel; ***(b)*** within a 50-mile radius of the Hotel; or ***(c)*** within a 50-mile radius of any other CLUB CAT Hotel in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the franchise time, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The two-year period described in this Section 15.2 shall be tolled during any period of noncompliance.

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

15.5. Covenants from Individuals. Each individual who attends Franchisor's training program and other key employees designated by Franchisor shall be required to sign a confidentiality and noncompete agreement substantially in the form attached as Attachment ~~D-2~~E to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.6. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy

at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

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

16. REPRESENTATIONS

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

16.2. Representations of Franchisee.

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

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

16.2.3. You represent that neither Franchisor nor its agents or representatives have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses or profit of a CLUB CAT Hotel, except for any information that may have been contained in Item 19 of the franchise disclosure document, delivered to you in connection with your purchase of a CLUB CAT franchise.

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

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

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons

who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

FOR FRANCHISED BUSINESSES LOCATED IN THE STATE OF CALIFORNIA:

If your Hotel operates in the state of California, or if the franchise is otherwise subject to and not exempt from the California Franchise Investment Law, subsection 16.2.3. is null and void in its entirety.

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

17. NOTICES

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

18. CONSTRUCTION

18.1. Entire Agreement. This Agreement represents the entire, fully integrated agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written, concerning the subject matter hereof. Except for Franchisor's unilateral rights under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim any representation made in the franchise disclosure document delivered to you in connection with your purchase of a CLUB CAT franchise.

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

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

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

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized

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

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

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

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

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

19. APPLICABLE LAW; DISPUTE RESOLUTION

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

19.2. Mediation.

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

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

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

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

or preliminary injunctive relief in any court of competent jurisdiction.

19.4. Venue. Any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, Franchisor shall have the right to seek injunctive relief from any court of competent jurisdiction.

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

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

19.7. WAIVER OF PUNITIVE DAMAGES. WITH THE EXCEPTION OF OUR RIGHT TO SEEK INDEMNIFICATION FOR THIRD PARTY CLAIMS AS SET FORTH IN THIS AGREEMENT AND OUR RIGHT TO SEEK RECOVERY OF LOST FUTURE PROFITS, INCLUDING LIQUIDATED DAMAGES AS SET FORTH IN SECTION 14.5 ABOVE, IN THE EVENT OF YOUR BREACH OF THIS AGREEMENT, THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY ~~PUNITIVE~~LOSS OF REVENUES, LOSS OF PROFITS, LOSS OF TIME, INCONVENIENCE, LOSS OF USE, OR ANY OTHER INCIDENTAL, SPECIAL, INDIRECT, EXEMPLARY ~~DAMAGES~~, PUNITIVE, OR CONSEQUENTIAL LOSS AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

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

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

~~20.~~

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement on the day and year first above written.

~~**CLUB CAT FRANCHISING, LLC**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

~~**FRANCHISEE**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

FRANCHISOR	**FRANCHISEE**
CLUB CAT FRANCHISING, LLC	
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT ("**Amendment**") dated _____, 20___ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, 20___, by and between Club Cat Franchising, LLC ("**Club Cat**"), a Texas limited liability company, with its principal office in Irvine, California, and _____ ("**you**" or "**Franchisee**"). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the "**Act**"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. Sections 20000 through 20043 of the California Business and Professions Code provide rights to you concerning nonrenewal and termination of the Franchise Agreement. The Federal Bankruptcy Code also provides rights to you concerning termination of the Franchise Agreement upon certain bankruptcy-related events. To the extent the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control.

3. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). California Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (California Business and Professions Code 2000 through 20043).

4. If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

5. If the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

6. If the Franchise Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, the requirement may unenforceable under California law.

7. If the Franchise Agreement requires that it be governed by a state's law other than the State of California, such requirement may be unenforceable.

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

9. Sections 16.2., 16.2.3., and 16.2.4. of the Franchise Agreement are deleted in their entirety.

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

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

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

FRANCHISOR	**FRANCHISEE**
CLUB CAT FRANCHISING, LLC	
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

ATTACHMENT A
TO CLUB CAT
FRANCHISE AGREEMENT

GLOSSARY OF ADDITIONAL TERMS

Capitalized terms will have the following meanings, unless otherwise defined in this Agreement.

"**Advertising Cooperative**" means a group of Hotels formed to facilitate marketing and advertising placement in a particular geographic area.

"**Affiliate**" of a named person means any person or entity that is controlled by, that controls, or that is under common control with such named person. For purposes of this definition, the term "control" means possessing the power, directly to indirectly, to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

"**Brand Standards**" means the standards, specification, policies, procedures and techniques prescribed by Franchisor for operating a "CLUB CAT" Hotel, all of which may be changed by Franchisor in its sole discretion. The Brand Standards include, among other things, standards and specifications for constructing, equipping, and decorating CLUB CAT Hotels, animal care and handling procedures and techniques, operating and customer service standards and procedures, quality standards for products and services, rules concerning use of the Marks and other intellectual property, advertising and marketing specifications and requirements, required and recommended business practices, and other management, operational, and accounting requirements and procedures.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"**Competitive Business**" means any business offering pet boarding services or other pet-related services of the type offered by CLUB CAT Hotels.

"**Confidential Information**" means all trade secrets, the Brand Standards, and other elements of the System; all Customer Data; all information contained in the Manual; and any other information that CLUB CAT designates as "Confidential Information." For purposes of this Agreement, the term "Confidential Information" does not include the following: (a) information which is or which becomes generally known or easily accessible other than by the recipient's breach of an obligation of confidentiality, (b) information already known to the recipient when disclosed or when provided by the disclosing party under this Agreement, (c) information provided by a third party who is not subject to a confidentiality obligation, (d) information developed or created independently by the recipient without relying on or using Confidential Information provided or disclosed by the disclosing party under this Agreement, and (e) the disclosure of Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that the recipient is legally compelled or required by a regulatory body to disclose such information, provided the recipient has notified Franchisor of such disclosure and has used best efforts to obtain, and has given Franchisor the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

"Copyrighted Works" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, graphics, advertising and promotional materials, and the content and design of Franchisor's website.

"**Crisis Management Event**" means any event that occurs at or about the Hotel premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, acts of violence, or any other circumstance which may materially and adversely affect the CLUB CAT brand.

"**Customer Data**" means information about each Hotel customer including, without limitation, pet name, pet breed, pet age and health information, pet owner information, and booking history,

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a governmental authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency is not an event of Force Majeure under this Agreement.

"**Gross Revenue**" means the total of all revenue and receipts derived from the operation of the Franchised Business, including receipts from the sale of products and services. "Gross Revenue" does not include revenue received from the sale of gift cards (but the redemption value will be included in "Gross Revenue" when the gift card is redeemed. "Gross Revenue" also does not include the amount of any sales or similar tax that is added to the selling price and actually paid to the taxing authority. For purposes of calculating the royalty and other percentage-based fees, the amount of any customer refunds may be deducted from "Gross Revenue" if the charge was previously included in "Gross Revenue."

"**Manual**" means the compilation of information and knowledge that is necessary and material to the System. The term "Manual," as used in this Agreement, includes all publications, materials, drawings, memoranda, and other electronic media that Franchisor from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, email, bulletin, or other communications.

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

"**Person**" means and includes a natural person (and the heirs, executors, administrators, or other legal representatives of an individual), a Business Entity, and an unincorporated association or organization.

"**Owner**" means (1) if you are a natural person, you and, if you are married, your spouse, (2) if you are a Business Entity, each Governing Person and owner of an economic interest in the Business Entity. If any Owner is a Business Entity, the term "Owner" includes Owners of the Business Entity; the intent being that all natural persons with an economic interest or management rights in the franchisee will be considered an "Owner" for purposes of this Agreement.

"**Site Selection Area**" means the geographic area identified in the Summary Page.

"**Social Media**" includes, without limitation, personal blogs, common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER, TIKTOK, NEXTDOOR, or YOUTUBE, applications supported by mobile platforms such as iOS and Android, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites, mobile platforms, or tools.

"**System**" means Franchisor's proprietary business format and system for operating "CLUB CAT" Hotels. Distinctive elements include the Marks, Trade Dress, and Brand Standards.

"**Technology and Information Systems**" means electronic and digital systems prescribed for use to collect, compute, store, migrate, and/or report a CLUB CAT Hotel's Gross Revenue, other financial data and operating information, such as cash registers or other point of sale or order capture systems, computers, peripheral equipment, and related software programs, including any proprietary operations and management hardware or software systems that are or may be developed and/or used by us to assist in the operation of CLUB CAT Hotel, applications, digital technology solutions, or any other hardware and/or software designated for use in the System.

"**Term**" means the period of time reflected on the Summary Page.

"**Trade Dress**" means those elements of the design, build-out, and décor of the Hotel that serve to distinguish the premises as a CLUB CAT Hotel. As of the Effective Date, Trade Dress elements include, without limitation, CLUB CAT signage, the color combination of gold, black and teal blue, the design, configuration and appearance of the cat suites, and suite names based on a play on words of classical literature.

"**Protected Area**" means the geographic or other area identified or to be identified in Attachment B.

ATTACHMENT B

KEY TERMS

Section 1.1.1. The "Franchised Location" is at: _____

Section 1.2. The "Protected Area" is: _____

Section 3.5. The "Opening Date" is: _____

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

FRANCHISOR	**FRANCHISEE**
CLUB CAT FRANCHISING, LLC~~- a Texas limited liability company~~	_____
By: _____	By: _____
Name: _____	Name: _____
~~Title: _____~~	~~Title: _____~~
Title: _____	Title: _____
Date: _____	Date: _____

ATTACHMENT C

STATEMENT OF OWNERSHIP INTERESTS

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S OWNERS

~~A.~~ The following is a list of all Owners and a description of the nature of their interest:

NAME	ADDRESS	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST

~~B. The following is a list of all of Franchisee's Owners:~~

FRANCHISOR
CLUB CAT FRANCHISING, LLC

By:
Name:
Title:

Date:

FRANCHISEE

By:
Name:
Title:

Date:

ATTACHMENT D

OWNER AGREEMENT

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Owner Agreement and the undertakings of the Owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement, and that CLUB CAT would not have granted such rights without the execution of this Owner Agreement and the other undertakings by each of the undersigned;

(2) Each is included in the term "Owner";

(3) Each individually, jointly, and severally, makes all of the covenants, representations, warranties, and agreements of the Owners set forth in the Franchise Agreement and is obligated to perform thereunder (including, without limitation, those regarding compliance with the Franchise Agreement in Article 11; the use of confidential information in Article 14, the covenants in Article 14; transfer provisions in Article 17; the choice of law and venue provisions in Article 23; and indemnification obligations in Article 20);

(4) Each individually, jointly and severally, unconditionally, and irrevocably guarantees to Franchisor and its successors and assigns that all obligations of the franchisee under the Franchise Agreement will be punctually paid and performed. Upon default by the franchisee or upon notice from Franchisor, each Owner will immediately make each payment and perform each obligation required of the franchisee under the Franchise Agreement. Without affecting the obligations of any Owner under this Owner Agreement, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the franchisee or settle, adjust, or compromise any claims that Franchisor may have against the franchisee. Each Owner waives all demands and notices of every kind with respect to the enforcement of this Owner Agreement, including notices of presentment, demand for payment or performance by the franchisee, any default by the franchisee or any guarantor, and any release of any guarantor or other security for this Owner Agreement or the obligations of the franchisee. Franchisor may pursue its rights against any Owner without first exhausting its remedies against the franchisee and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon receipt by Franchisor of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Owner Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect;

(5) Each also agrees to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 19.

(6) **EACH WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING CLUB CAT, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

IN WITNESS WHEREOF, each of the parties hereto, intending to be legally bound, has caused this Owner Agreement to be executed on the date set forth below.

OWNERS

Date:

[Name], Individually

Address for Notices:

Email Address:

Date:

[Name], Individually

Address for Notices:

Email Address:

ATTACHMENT E

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my being a _____ of _____ (the "**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the "**Franchisee**"), has acquired the right and franchise from Club Cat Franchising, LLC ("**Franchisor**") to establish and operate a Franchised Business (the "**Franchised Business**") and the right to use in the operation of the Franchised Business Franchisor's trade names, trademarks, service marks, including the service mark CLUB CAT (the "**Marks**") and the system developed by Franchisor and/or its affiliates (the "**System**"), as they may be changed, improved, and further developed from time to time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, including secret practices and processes that give CLUB CAT businesses a competitive advantage over its competitors (the "**Confidential Information**").

3. In my trusted position with Franchisee, Franchisor and Franchisee will disclose to me the Confidential Information in furnishing to me the training program and subsequent ongoing training, Franchisor's operations manual (the "**Manual**") and other general assistance during the term of this Agreement.

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

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

6. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for one (1) year thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any other business that provides pet boarding services within a radius of 50 miles of any CLUB CAT Hotel, as those terms are defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

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

~~3.~~8. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

~~4.~~9. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

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

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS AGREEMENT THE DAY AND YEAR FIRST ABOVE WRITTEN.

Signature: _____
Name: _____
Address: _____
Title: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____
Name: _____
Title: _____

CONFIDENTIALITY AGREEMENT
(FOR USE IN CALIFORNIA)

In consideration of my being a _____ of _____ (the "**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the "**Franchisee**"), has acquired the right and franchise from Club Cat Franchising, LLC ("**Franchisor**") to establish and operate a Franchised Business (the "**Franchised Business**") and the right to use in the operation of the Franchised Business Franchisor's trade names, trademarks, service marks, including the service mark CLUB CAT (the "**Marks**") and the system developed by Franchisor and/or its affiliates (the "**System**"), as they may be changed, improved, and further developed from time to time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, including secret practices and processes that give CLUB CAT businesses a competitive advantage over its competitors (the "**Confidential Information**").

3. In my trusted position with Franchisee, Franchisor and Franchisee will disclose to me the Confidential Information in furnishing to me the training program and subsequent ongoing training, Franchisor's operations manual (the "**Manual**") and other general assistance during the term of this Agreement.

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

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

6. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

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

8. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and

does not entitle me to violate, or justify any violation of this Agreement.

~~5.~~9. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS AGREEMENT THE DAY AND YEAR FIRST ABOVE WRITTEN.

Signature:_____
Name:_____
Address:_____
Title:_____

ACKNOWLEDGED BY FRANCHISEE

By:_____
Name: _____
Title: _____

ATTACHMENT F

ELECTRONIC DEBT AUTHORIZATION

Authorization Agreement for Direct Payments (ACH Debits)

I (we) hereby authorize _____, hereinafter called CLUB CAT, to initiate debit entries to my (our) ☐ Checking Account/ ☐ Savings Account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name:_____ Branch:_____

City:_____ State:_____ Zip:_____

Routing Number:_____ Account Number:_____

This authorization is remain in full force and effect until Franchisor has received written notification from me (or either of us) or its termination in such time and in such manner as to afford CLUB CAT and DEPOSITOR a reasonable opportunity to act on it.

Name(s):_____ ID Number:_____
(Please Print)

Date:_____ Signature:_____

NOTE: DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION

ATTACHMENT G

TELEPHONE NUMBER ASSIGNMENT AGREEMENT

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made as of this _____ day of _____, 20____ by and between _____ (hereinafter the "**Assignor**") and Club Cat Franchising, LLC (hereinafter the "**Assignee**").

BACKGROUND:

A. The Assignee has developed and owns the proprietary system ("**System**") for the operation of a pet services facility under the trademark and logo CLUB CAT (the "**Franchised Business**");

B. The Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, in accordance with the System;

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

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

AGREEMENT

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

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

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

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

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

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

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

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment.

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

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

ASSIGNEE:

CLUB CAT FRANCHISING, LLC

By: _____
Name: _____
Title: _____

ASSIGNOR:

_____

By: _____
Name: _____
Title: _____

ATTACHMENT H

LEASE RIDER

THIS AGREEMENT is made and entered into this _____ day of _____, 20____, by and among Club Cat Franchising, LLC, a Texas limited liability company (hereinafter referred to as "**CLUB CAT**"), _____ (hereinafter referred to as "**Landlord**"), with its principal offices at _____, and _____ (hereinafter referred to as "**Tenant**"), with its principal offices at _____.

BACKGROUND:

A. Landlord and Tenant have entered into a lease for the operation of a cat boarding facility identified by the trademark "CLUB CAT" at the following premises: _____ (the "**Leased Premises**");

B. The business will be operated pursuant to a Franchise Agreement dated _____, between Franchisor and Tenant (the "**Franchise Agreement**");

C. A condition to the approval of Tenant's specific location by Franchisor is that the Lease for the Leased Premises designated for the operation of a CLUB CAT Business (hereinafter the "**Franchised Business**") contain the agreements set forth herein;

D. Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein; and

E. According to Section 3.C of the Franchise Agreement, all rights, title and interest in and to the Lease must be assigned to Franchisor, at Franchisor's option, upon the termination of the Franchise Agreement;

AGREEMENT

In consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Use Clause. The Leased Premises shall be used solely for the operation of a cat boarding facility identified by the name "CLUB CAT" or any other name specified by Franchisor. Landlord acknowledges that such use shall not violate any then existing exclusives granted to any existing tenant of Landlord. Landlord consents to Tenant's use of Franchisor marks and signs, décor items, color schemes and related components of Franchisor proprietary system. Landlord further acknowledges that during the term of this Lease or any extension thereof, Landlord will not lease space to a business similar to Tenant's within the same shopping center, office building, office park, business park, or such other adjacent property in which the Franchised Business is located.

2. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to Franchisor all of its rights, title and interest in and to the Lease, and Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and will assume Tenant's occupancy rights, and the right to sublease the premises, for the remainder of the term of the Lease. If Franchisor elects to accept the assignment of the Lease from Tenant, it shall give Tenant and Landlord written notice of its election to acquire the leasehold interest. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor, and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease with Landlord containing terms and conditions no less favorable than the Lease. Upon Landlord's receipt of

written notice from Franchisor's advising Landlord that Franchisor elects to enter into a new lease, Landlord shall execute and deliver such new lease to Franchisor for its acceptance. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor, free and clear of all rights of Tenant or third parties, subject to Franchisor executing an acceptance of the assignment of Lease or new lease, as the case may be.

3. De-Identification of Premises. If Franchisor elects not to assume the lease, Landlord and Tenant agree to de-identify the Premises so that it no longer resembles a CLUB CAT Hotel, and to remove all items of "Trade Dress." "Trade Dress," for purposes of this provision means those elements of the design, build-out, and décor of the Hotel that serve to distinguish the premises as a CLUB CAT Hotel including, without limitation, CLUB CAT signage, the color combination of gold, black and teal blue, the configuration and appearance of the cat suites, and suite names based on a play on words of classical literature. For avoidance of doubt, all cat suites shall be removed from the Hotel premises if Franchisor does not elect to assume the lease.

4. Tenant's Agreement to Vacate Leased Premises. Tenant agrees to peaceably and promptly vacate the Leased Premises and (subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with Tenant) to remove its personal property therefrom upon the termination of the Franchise Agreement. Any property not removed or otherwise disposed of by Tenant shall be deemed abandoned.

5. Delivery of Possession. If Landlord may not legally obtain possession of the Leased Premises or if Landlord is unable to deliver the Leased Premises to Franchisor within six months from the date Franchisor notifies Landlord of its election to continue the use of the Leased Premises, then Franchisor shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Premises and to terminate the Lease or any new lease between it and Landlord for the Leased Premises, and Landlord shall release Franchisor from all of its obligations under the Lease or any new lease.

6. Entry. Franchisor may enter the Leased Premises without the consent of Landlord or Tenant to make or conduct any review, audit, or modification necessary to protect Franchisor's system or 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.

7. Amendment of Lease. Landlord and Tenant agree not to amend the Lease in any respect, except with the prior written consent of Franchisor.

8. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event CLUB CAT becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all of the obligations of Tenant on its part to be performed or observed under the Lease or a new lease.

9. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Agreement and the Lease, the terms of this Agreement shall prevail.

10. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

11. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

12. Notices. Landlord shall mail to Franchisor copies of any letters and notices it gives to Tenant related to the Lease or the Leased Premises concurrently with giving such letters and notices to Tenant. If Tenant fails to cure any default within the period provided in the Lease, if any, Landlord shall

give CLUB CAT immediate written notice of such failure to cure. All notices shall be by certified mail to Franchisor at 1360 Reynolds Avenue, Suite 120, Irvine, California 92614, and to the other parties as designated in the heading of this Agreement or to such other addresses as the parties hereto may, by written notice, designate.

13. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

14. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

15. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which CLUB CAT and Tenant are parties.

16. Attorneys' Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorneys' fees and costs incurred in connection therewith.

17. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Leased Premises are located.

18. Certain Acknowledgments. ~~Landlord and Tenant acknowledge and agree that all interior and exterior signage and all cat suites and related items (collectively the "Leased/Licensed Assets") are the sole property of Franchisor.~~ Tenant shall have no rights to pledge in any manner the Leased/Licensed Assets and Landlord shall have no rights to place any liens on or make any claims to the Leased/Licensed Assets.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

LANDLORD

By: _____
Name: _____
Title: _____

CLUB CAT FRANCHISING, LLC

By: _____
Name: _____
Title: _____

TENANT

By: _____
Name: _____
Title: _____

ATTACHMENT I
FRANCHISE DISCLOSURE QUESTIONNAIRE

~~[DELETED FOR FRANCHISES LOCATED IN CALIFORNIA]~~**The following questionnaire is not intended for and should not be completed by franchise candidates subject to the franchise sales laws of California. Void if completed by such California franchise candidates.**

As you know, Club Cat Franchising, LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a CLUB CAT franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No____ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?

Yes____ No____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No____ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes____ No____ 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?

Yes____ No____ 5. A) Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes____ No____ B) Have you discussed the benefits and risks of operating a CLUB CAT franchise with your professional advisor?

Yes____ No____ C) Did you discuss the benefits and risks of operating a CLUB CAT franchise with an existing CLUB CAT franchisee?

Yes____ No____ 6. Do you understand the risks of operating a CLUB CAT ® franchise?

Yes____ No____ 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No____ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your CLUB CAT Business?

Yes____ No____ 9. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally?

Yes____ No____ B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary or multiple damages)?

Yes____ No____ 10. Do you understand that your Key Person must successfully complete our initial training program?

Yes____ No____ 11. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No____ 12. A) Do you understand that the US Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes____ No____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes____ No____ C) Do you understand that we will not approve your purchase of a CLUB CAT franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes____ No____ D) Is it true that you are not purchasing a CLUB CAT franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

Yes____ No____ 13. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a CLUB CAT franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ 14. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a CLUB CAT franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ 15. Is it true no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____ 16. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for the pet service facility, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

{The next page is the signature page}

Dated:

_____

Individually and as an Officer

_____

Printed Name
of _____
(a Corporation/Partnership

EXHIBIT E
TO CLUB CAT
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

CLUB CAT
DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT
SUMMARY PAGES

EFFECTIVE DATE:	_____
DEVELOPER:	_____
ADDRESS FOR NOTICES:	_____
	_____
TELEPHONE NUMBER:	_____
FACSIMILE NUMBER:	_____
E-MAIL ADDRESS:	_____
DEVELOPMENT FEE:	$~~-~~_____
DEVELOPMENT AREA:	_____
NUMBER OF HOTELS TO BE DEVELOPED:	_____
INITIAL FRANCHISE FEE FOR THE FIRST HOTEL:	$~~40~~25,000
INITIAL FRANCHISE FEE FOR EACH SUBSEQUENT HOTEL:	$~~35~~20,000
TRANSFER FEE:	$_____
~~(CONVENIENCE OF OPERATION):~~	~~$~~1,~~500 payable if you are an individual transferring~~000 (Convenience of Ownership, refer to ~~a Business Entity for convenience of operation, or if your Owners are transferring among themselves a minority ownership interest to one or more third parties.~~Section 8.2)
~~TRANSFER FEE (TRANSFER OF BUSINESS OR CONTROLLING INTEREST):~~	~~$25,000 plus related expenses.~~
_____	$5,000, plus reimbursements of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees) (Non-controlling Interest, refer to Section 8.3)
_____	$20,000 (Controlling Interest, refer to Section 8.4)
FRANCHISOR ADDRESS FOR NOTICE	Club Cat Franchising, LLC Attn: Shana Martin, Manager 1360 Reynolds Avenue, #120 Irvine, California 92614

_____ _____

_____ _____

Franchisor ~~Initial~~ Initials Developer ~~Initial~~ Initials

DEVELOPMENT AGREEMENT
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STATE SPECIFIC AMENDMENTS

ATTACHMENTS

Attachment A Glossary of Additional Terms
Attachment B Development Schedule
Attachment C Entity Information
Attachment D Owner Agreement
Attachment E Form of Franchise Agreement

CLUB CAT FRANCHISING, LLC
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into as of the Effective Date reflected in the Summary Pages ("**Effective Date**"), by and between Club Cat Franchising, LLC, a Texas limited liability company ("**Franchisor**"), and the Developer identified in the Summary Pages ("**you**").

A. Franchisor has the right to use and license the use of a System and Marks for operating a cat boarding facility featuring spacious cat suites and amenities such as cuddle and play time, clean, climate-controlled air, private beds, visual stimulation, and frequent cleaning (each a "**Hotel**").

B. You desire the right to develop multiple Hotels within a defined area and according to an agreed on timeline and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

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

1. GRANT

1.1. Grant of Hotel Development Rights

1.1.1. Franchisor hereby grants to you, and you hereby accept, the right and obligation, to develop the number of Hotels in the Development Area (identified in the Summary Pages) within the timeframe set forth in the Development Schedule (identified in Attachment B). Each Hotel to be developed shall be developed and operated pursuant to a separate Franchise Agreement in accordance with Section 4.1.

1.1.2. This Agreement grants you no right or license to use any of the Marks; your right to operate a Hotel and license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area Protection. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, a CLUB CAT Hotel within the Development Area. Franchisor reserves to itself all other rights to use the System and Marks, including the right to operate similar or competing businesses under a different trademark, the right to operate and license the operation of businesses providing other cat-related services (such as grooming services), and the right to sell branded products through alternate channels of distribution including through retail stores and via online sales.

2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term ("**Term**") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, expires on the earlier of: ***(a)*** the date on which you have completed your development obligations under this Agreement, or ***(b)*** 11:59pm CST on the last day of the last Development Period identified in Attachment B.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends, and you have no further right to develop any CLUB CAT Hotels for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreements.

3. FEES

~~3.1. For Hotels Located in the State of California. If this Agreement is for the development of Hotels in the State of California, there is no development fee. For each Franchise Agreement signed under this~~

~~Agreement you will pay to Franchisor an Initial Franchise Fee in the amount set forth in the Summary Pages. Payment of the Initial Franchise Fee, however, will be deferred until Franchisor has completed all of its pre-opening obligations under the Franchise Agreement and the Hotel is open for business.~~

~~3.2. For Hotels Located Outside the State of California. If this Agreement is for the development of Hotels outside the State of California:~~

~~3.2~~3.1. Development Fee. Upon execution of this Agreement, you shall pay to Franchisor a Development Fee in the amount set forth in the Summary Pages ("**Development Fee**"). The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

3.2.~~2.~~ Initial Franchise Fee. For each Franchise Agreement signed under this Agreement, you shall pay to Franchisor an Initial Franchise Fee in the amount set forth in the Summary Pages. When you sign a Franchise Agreement for the first and each subsequent Hotel contemplated under this Agreement, Franchisor will credit a portion of your Development Fee payment equal to the amount of the Initial Franchise Fee to fully satisfy the Initial Franchise Fee due thereunder. ~~When you sign a Franchise Agreement for each additional Hotel contemplated under this Agreement, Franchisor will credit a portion of your Development Fee payment equal to one-half of the Initial Franchise Fee to partially satisfy the Initial Franchise Fee due thereunder, and you shall pay the balance of the Initial Franchise Fee.~~

4. DEVELOPMENT SCHEDULE; MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Hotel to be developed under this Agreement is the form attached as Attachment E. The Franchise Agreement for the second and each additional Hotel to be developed is the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment E; provided that the Initial Franchise Fee for the second and additional Hotels will be the amount stated on the Summary Pages.

4.2. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the Development Schedule set forth in Attachment B.

4.3. Manner for Exercising Development Rights. Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Hotel. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Hotel:

4.3.1. Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates. You are conducting the operation of your existing Hotels, if any, and are capable of conducting the operation of the proposed Hotel in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

4.3.2. Financial Conditions: You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of CLUB CAT Hotels. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreement with Franchisor. You are not in default, and have not been in default during the 12-month period immediately preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates. You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a Hotel and that such failure would adversely affect the reputation and good name of CLUB CAT and the System.

4.3.3. Legal Conditions: You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to

any right granted to you by this Agreement or by any Franchise Agreement.

4.4. Development Schedule.

4.4.1. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3 and the Development Schedule reflected Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Hotels which you are required to develop during any Development Period. Any Hotel developed in excess of the minimum number of Hotels required to be developed shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. Notwithstanding the above, you shall not open or operate more than the cumulative total number of Hotels you are obligated to develop under the Development Schedule.

4.4.2. If during the term of this Agreement, you cease to operate any Hotel developed under this Agreement for any reason, you shall develop a replacement Hotel. The replacement Hotel shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Hotel. If, during the term of this Agreement, you transfer your interest in a Hotel in accordance with the terms of the applicable Franchise Agreement for the Hotel, the transferred Hotel will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as an CLUB CAT Hotel. If the transferred Hotel ceases to be operated as a CLUB CAT Hotel during the term of this Agreement, you shall develop a replacement Hotel within a reasonable time (not to exceed 120 days) thereafter.

4.4.3. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Hotels is a material breach of this Agreement.

4.4.4. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that Franchisor makes no representation: ***(a)*** that your Development Area contains a sufficient number of acceptable locations to meet the number of Hotels to be developed under the Development Schedule; or ***(b)*** that your Development Area is sufficient to economically support the number of Hotels to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Hotels set forth in Exhibit B.

4.5. Projected Opening Dates. You acknowledge that the Projected Opening Date for each Hotel to be developed hereunder is reasonable. Subject to your compliance with Section 4.3, hereof, you shall execute a Franchise Agreement for each Hotel at or prior to the applicable execution date set forth in the Summary Pages, which shall be a date no later than 10 months prior to the Projected Opening Date for the applicable Hotel.

4.5.1. No later than 11 months prior to expiration of a Development Period expiration date, you shall request to sign a Franchise Agreement for each Hotel to be developed during the Development Period.

4.5.2. Upon receiving your request, Franchisor shall deliver to you its then-current form of Franchise Disclosure Document and execution copies of its then-current form of Franchise Agreement.

4.5.3. No later than the Franchise Agreement Execution Date identified in the Development Schedule (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement ~~and payment of the Initial Franchise Fee (less any applicable development credit) due thereunder~~.

4.5.4. Franchisor shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to Franchisor, in Franchisor's sole discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their Owners who have a then-currently effective Franchise Agreement or development agreement with Franchisor has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the CLUB CAT franchise opportunity.

4.6. Extension of Development Period. You, at your option, may obtain a 120-day extension to any Development Period, by delivering to Franchisor written notice of the desired extension with payment of a $3,000 extension fee. Upon delivery of notice and full payment, the current Development Period will be extended for 120 days, and the Development Schedule shall be adjusted appropriately. No more than two extensions may be obtained during the term of this Agreement.

5. DEVELOPER'S OBLIGATIONS

5.1. Satisfaction of Development Schedule. You shall execute a Franchise Agreement for each Hotel contemplated under this Agreement in accordance with Article 4 and the Development Schedule and shall establish and operate each Hotel in accordance with the terms and conditions of the respective Franchise Agreement.

5.2. Compliance with Laws. You shall fully comply with all federal, state, and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement.

6. CONFIDENTIALITY

6.1. Nondisclosure of Confidential Information. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the development and operation of the Hotels, and you shall divulge Confidential Information only to your employees, and only on a need-to-know basis. This obligation shall survive expiration or termination of this Agreement.

7. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

7.2. Insurance Obligations.

7.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies meeting Franchisor's minimum insurance requirements.

Each such policy shall be written by an insurance with an A.M. Best rating of not less than A-VII, shall be primary and non-contributory to any insurance carried by Franchisor or its Affiliates., and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates. Franchisor has the right to increase or modify required minimum coverages at any time. Your obligation to obtain and maintain insurance is not limited in any way by reason of any insurance maintained by Franchisor, and your compliance with minimum insurance requirements will not relieve you of your indemnification obligations under Section 7.3 of this Agreement. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor certificate of insurance evidencing your compliance with this Article 7. Each certificate of insurance shall expressly provide that no less than 30 days prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

7.2.2. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium and pay a reasonable administrative fee not to exceed $500, upon demand.

7.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from all "**Losses and Expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof arising out of or related to the business contemplated under this Agreement ("**Event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 7.3, the term "**Losses and Expenses**" include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any Event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Indemnitees or the System.

8. TRANSFER OF INTEREST

8.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and

specifically waive any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of Club Cat Franchising, LLC, as the Franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as CLUB CAT Hotels operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any CLUB CAT Hotel developed under this Agreement).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of continuing your development rights and obligations; ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you and your Owners sign a general release in favor of Franchisor and in the form Franchisor requires; and ***(d)*** you pay to Franchisor a Transfer Fee in the amount statement in the Summary Pages.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: ***(a)*** you have provided to Franchisor advance notice of the transfer; ***(b)*** Attachment C to this Agreement has been amended to reflect the new ownership; ***(c)*** each new Owner has signed an Owner Agreement in the form of Attachment D; ***(d)*** each previous and~~/or~~, if applicable, new Owner has signed a general release in favor of Franchisor and its related entities and individuals in the form Franchisor requires, and ***(e)*** you pay to Franchisor the Transfer Fee stated in the Summary Page.

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

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer.

8.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

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

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

8.4.5. Payment of the Transfer Fee in the amount set forth in the Summary Pages;

8.4.6. You and the transferee have executed an assignment and assumption of this Agreement in the form prescribed by Franchisor;

8.4.7. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Owner Agreement;

8.4.8. The transferee has have complied with Franchisor's then-current initial training requirements for the operation of each then-existing Hotel;

8.4.9. You have complied with the requirements set forth in Section 8.9; and

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

8.5. Transfer of Franchise Agreements. Notwithstanding Section 8.4 of this Agreement, you may, with Franchisor's prior written consent, execute and contemporaneously assign your right to enter into a Franchise Agreement pursuant to this Agreement to a business entity under common control with you if: ***(a)*** such business entity executes and complies with the terms and conditions of the Franchise Agreement; and ***(b)*** you pay Franchisor a Transfer Fee in the amount stated in the Summary Pages.

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

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

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Right of First Refusal.

8.9.1. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business in connection with the transferee's execution of a CLUB CAT Development Agreement, or if any Owner receives a bona fide offer to purchase their equity

interests in you, and if you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer.

8.9.2. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: ***(a)*** the closing date specified in the third-party offer; or ***(b)*** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 8.9 shall not constitute a waiver of any of the transfer conditions set forth in this Article 8.

8.10. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or permanent incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Article 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.5.

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

9. DEFAULT AND TERMINATION

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

9.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: ***(a)*** you fail to meet the Development Schedule; ***(b)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(c)*** there is any transfer or attempted transfer

in violation of Article 8 of this Agreement; ***(d)*** you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; ***(e)*** you or any Owner has made any material misrepresentations in connection with your developer application; or ***(f)*** Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

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

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 8.10 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

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

9.7. Additional Remedies. If you are in Default of this Agreement, Franchisor may, in its sole discretion, elect to reduce the number of Hotels which you may establish pursuant to the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Hotels in accordance with your rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.7 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

10. COVENANTS

10.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

10.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

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

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

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

10.2. Non-Competition After Expiration or Termination of Agreement. For a continuous two-year period commencing upon a transfer permitted under Article 8 of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination), you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business, other than a CLUB CAT Hotel operated pursuant to a then-currently effective Franchise Agreement with Franchisor, and is, or is intended to be, located ***(a)*** within the Development Area; ***(b)*** within 25 miles from the perimeter of the Development Area; or ***(c)*** within a 25-mile radius of any other CLUB CAT Hotel in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the franchise time, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. This two-year period shall be tolled during any period of noncompliance.

10.3. Additional Provisions. The parties acknowledge and agree that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.1 and 10.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified, which shall be fully enforceable. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 10. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 10.

10.4. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 10 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

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

11. REPRESENTATIONS

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

11.2. Representations of Developer.

11.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that ***(a)*** you are duly organized and validly existing under the law of the state of your formation; ***(b)*** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; ***(c)*** your corporate charter or written

partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business; ***(d)*** neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to a CLUB CAT Hotel; and ***(e)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement, and have been duly authorized.

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

11.2.3. You represent to Franchisor that neither Franchisor nor its agents or representatives have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses, or profit of a CLUB CAT Hotel, except for information that may have been contained in Item 19 of the franchise disclosure document delivered to you in connection with your purchase of a CLUB CAT Hotel.

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

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

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

FOR FRANCHISED BUSINESSES LOCATED IN THE STATE OF CALIFORNIA:

If your Hotel operates in the state of California, or if the franchise is otherwise subject to and not exempt from the California Franchise Investment Law, subsection 11.2.3. is null and void in its entirety.

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

12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by or by facsimile or other electronic system. Service shall be deemed conclusively made: ***(a)*** at the time of service, if personally served; ***(b)*** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; ***(c)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; ***(d)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and ***(e)*** at the time of transmission by facsimile transmission, if such transmission occurs prior to 5:00 p.m. CST on a Business Day and a copy of such notice is mailed within 24 hours after the

transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

13. CONSTRUCTION

13.1. Entire Agreement. This Agreement represents the entire fully integrated agreement between the parties concerning the subject matter hereof, and supersedes all other negotiations, agreements, representations, and covenants, oral or written. However, nothing in this Agreement is intended to disclaim or require you to waive reliance on any representation made in the franchise disclosure document that was delivered to you in connection with your purchase of a CLUB CAT franchise.

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

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

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

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

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Owner Agreement attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Owner Agreement.

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

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

13.9. No Strict Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

13.10. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: ***(a)*** this Agreement (and the relationship of the parties which arises

from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may effect favorably or adversely your interests; ***(b)*** Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and Hotels generally (including Franchisor, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Hotels generally include, without limitation, enhancing the value of the Marks and/or the CLUB CAT brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); ***(c)*** Franchisor will have no liability to you for the exercise of its discretion in this manner; and ***(d)*** even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

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

14. APPLICABLE LAW; DISPUTE RESOLUTION

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

14.2. Mediation.

14.2.1. The parties acknowledge that during the term of this Agreement certain disputes may arise that the parties are unable to resolve through private negotiation (a "**Dispute**"). To facilitate resolution of the Dispute, Franchisor, you, and each Owner agree to submit the Dispute to mediation pursuant to the terms of this Section 14.2. before legal proceedings may be initiated.

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

14.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 14.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2, the parties' agreement to

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

14.3. Venue. Any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, Franchisor shall have the right to seek injunctive relief from any court of competent jurisdiction.

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

14.6. WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

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

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

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

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the Effective Date set forth above.

FRANCHISOR:	**DEVELOPER:**
CLUB CAT FRANCHISING, LLC a Texas limited liability company	_____ _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

CALIFORNIA AMENDMENT TO DEVELOPMENT AGREEMENT

THIS AMENDMENT TO DEVELOPMENT AGREEMENT ("**Amendment**") dated _____, 20___ is intended to be a part of, and by this reference is incorporated into that certain Development Agreement (the "**Development Agreement**") dated _____, 20____, by and between Club Cat Franchising, LLC ("**Club Cat**"), a Texas limited liability company, with its principal office in Irvine, California, and _____ ("**you**" or "**Developer**"). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq., (collectively, the "**Act**"). To the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

2. Sections 20000 through 20043 of the California Business and Professions Code provide rights to you concerning nonrenewal and termination of the Development Agreement. The Federal Bankruptcy Code also provides rights to you concerning termination of the Development Agreement upon certain bankruptcy-related events. To the extent the Development Agreement contains a provision that is inconsistent with these laws, these laws will control.

3. The Development Agreement requires you to execute a general release of claims upon transfer of the Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). California Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (California Business and Professions Code 2000 through 20043).

4. If the Development Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

5. If the Development Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

6. If the Development Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, the requirement may unenforceable under California law.

7. If the Development Agreement requires that it be governed by a state's law other than the State of California, such requirement may be unenforceable.

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

9. Sections 11.2.2., 11.2.3., and 11.2.4. of the Development Agreement are deleted in their entirety.

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

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall prevail.

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

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

FRANCHISOR:	**DEVELOPER:**
CLUB CAT FRANCHISING, LLC	
a Texas limited liability company	
By:	By:
Name:	Name:
Title:	Title:

ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS

"**Affiliate**" of a named person means any person or entity that is controlled by, that controls, or that is under common control with such named person. For purposes of this definition, the term "control" means possessing the power, directly to indirectly, to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"**Competitive Business**" means any business offering pet boarding services or other pet-related services of the type offered by CLUB CAT Hotels.

"**Confidential Information**" means all trade secrets, the Brand Standards, and other elements of the System; all Customer Data; all information contained in the Manual; and any other information that CLUB CAT designates as "Confidential Information." For purposes of this Agreement, the term "Confidential Information" does not include the following: (a) information which is or which becomes generally known or easily accessible other than by the recipient's breach of an obligation of confidentiality, (b) information already known to the recipient when disclosed or when provided by the disclosing party under this Agreement, (c) information provided by a third party who is not subject to a confidentiality obligation, (d) information developed or created independently by the recipient without relying on or using Confidential Information provided or disclosed by the disclosing party under this Agreement, and (e) the disclosure of Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that the recipient is legally compelled or required by a regulatory body to disclose such information, provided the recipient has notified Franchisor of such disclosure and has used best efforts to obtain, and has given Franchisor the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

"Copyrighted Works" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, graphics, advertising and promotional materials, and the content and design of Franchisor's website.

"**Development Period**" means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate CLUB CAT Hotels.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a governmental authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency is not an event of Force Majeure under this Agreement.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single Hotel, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**Owner**" means each individual or entity holding a beneficial ownership in the developer entity. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a partnership, and the grantor and the trustee of the trust. If any "Owner" is, itself, a partnership or other entity, then the term "Owner" includes each individual or entity holding a beneficial ownership in the

partnership or entity; the intent being that the term "Owner" is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

ATTACHMENT B
DEVELOPMENT SCHEDULE

The "Development Schedule" is as follows:

Development Period	Expiration Date of Development Period	Cumulative Total Number of Hotels which Developer Shall Have Open and in Operation in the Development Area
1		
2		

The "Projected Opening Dates" are as follows:

Hotel	Projected Opening Date	Franchise Agreement Execution Date
1		
2		
3		
4		
5		

IN WITNESS WHEREOF, the parties hereof have executed this Attachment B effective for all purposes as of the Effective Date.

FRANCHISOR:
CLUB CAT FRANCHISING, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

DEVELOPER:
_____
_____

By: _____
Name: _____
Title: _____

ATTACHMENT C
ENTITY INFORMATION

If Developer is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

(1) Developer is a _____, formed under the laws of the state of _____.

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

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

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

Name	**Address**	**Number of Shares or Percentage Interest**

FRANCHISOR:
CLUB CAT FRANCHISING, LLC
a Texas limited liability company

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

DEVELOPER:

_____
_____

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

ATTACHMENT D
OWNER AGREEMENT

1. I have read the Development Agreement between Club Cat Franchising, LLC ("**Franchisor**") and _ _____ ("**Developer**").

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

3. I understand that, were it not for this Owner Agreement ("**Owner Agreement**"), Franchisor would not have agreed to enter into the Development Agreement with the Developer.

4. I will comply with all of the provisions contained in Article 6 of the Development Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Development Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Developer's employees on a need-to-know basis, ***(b)*** to the Developer's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.

5. I will comply with all of the provisions contained in Article 8 of the Development Agreement concerning the assignment of my Development Agreement.

6. While I am an "Owner" of the Developer and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of the CLUB CAT Hotel to any competitor or do anything to harm the goodwill associated with the Marks and the System; or

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than a CLUB CAT Hotel operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first) to any location that is, or is intended to be, located in the Development Area, within 25 miles from the perimeter of the Development Area, or within a 25-mile radius of any other CLUB CAT Hotel in existence or under development at the time I cease being an Owner (or termination or expiration of the Development Agreement, whichever occurs first). This two-year period described in this Section 6(c) will be tolled during any period of my noncompliance.

7. I agree that the provisions contained in Article 14 of the Development Agreement will apply to any dispute arising out of or relating to this Owner Agreement. If Franchisor brings any legal action to enforce its rights under this Owner Agreement, I will reimburse Franchisor its reasonable attorneys' fees and costs.

8. I hereby guarantee the prompt and full payment of all amounts owed by the Developer under the Development Agreement.

9. I will pay all amounts due under this Owner Agreement within 14 days after receiving notice from Franchisor that the Developer has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Developer before seeking recovery from me under this Owner Agreement.

10. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall

in any way affect any of my obligations under this Owner Agreement. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Owner Agreement.

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

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

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

Executed on the date set forth below:

OWNER

Dated: _____

_____
Name: _____
Address for notices: _____
_____

EXHIBIT F
TO CLUB CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Club Cat Franchising, LLC

Financial Statements

As of December 31, 2023 and for the period from inception (January 6, 2023) through December 31, 2023

Club Cat Franchising, LLC

Financial Statements

As of December 31, 2023 and for the period from inception
(January 6, 2023) through December 31, 2023

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A&G LLP
CERTIFIED PUBLIC ACCOUNTANTS

Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 692 5357

www.agllp-cpa.com

Independent Auditor's Report

To the Member
Club Cat Franchising, LLC
Irvine, California

Report on the Financial Statements

Opinion

We have audited the financial statements of Club Cat Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statement of operations, changes in member's equity and cash flows for the period from inception (January 6, 2023) through December 31, 2023, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cat Club Franchising, LLC as of December 31, 2023 and the results of its operations, changes in member's equity and cash flows for the period from inception (January 6, 2023) through December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Club Cat Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Club Cat Franchising, LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Club Cat Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Club Cat Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

A+G LLP

Dallas, Texas
January 31, 2024

Balance Sheet

As of December 31,		2023
Assets		
Current assets:		
Cash and cash equivalents	**$**	**11,295**
Total assets	**$**	**11,295**
Liabilities and Member's Equity		
Current liabilities:		
Accrued expenses	**$**	**320**
Member's equity		**10,975**
Total liabilities and member's equity	**$**	**11,295**

Statement of Operations

For the period from inception (January 6, 2023) through December 31,

		2023
General and administrative expenses:		
Advertising and marketing	**$**	**16,681**
Professional fees		**16,956**
Other general and administrative expenses		**6,663**
Total general and administrative expenses		**40,300**
Other income		**275**
Net loss	**$**	**(40,025)**

Statement of Changes in Member's Equity

		2023
Balance at January 6, 2023 (inception)	$	-
Net loss		**(40,025)**
Contributions from member		**51,000**
Balance at December 31, 2023	**$**	**10,975**

Statement of Cash Flows
For the period from inception (January 6, 2023)
through December 31,

	2023
Operating Activities	
Net loss	**$ (40,025)**
Changes in operating assets and liabilities:	
Accrued expenses	**320**
Net cash used by operating activities	**(39,705)**
Investing Activities	
Net cash provided by investing activities	**-**
Financing Activities	
Contributions from member	**51,000**
Net cash provided by financing activities	**51,000**
Net increase in cash and cash equivalents	**11,295**
Cash and cash equivalents, beginning of period	**-**
Cash and cash equivalents, end of period	**$ 11,295**

1. Organization and Operations

Description of Business

The Club Cat Franchising, LLC, a Texas limited liability company, was formed on January 6, 2023 ("Inception") and is located in Irvine, California. References in these financial statement footnotes to "Company", "we", "us" and "our" refer to the business of Club Cat Franchising, LLC.

The Company was formed for the purpose of granting franchises for the operation of a boutique, luxury, cat-only hotel using our proprietary business format and operating system (our "System"), our proprietary trademarks and trade dress (collectively, our "Marks") and other of our intellectual property (each a "Hotel"). Each Hotel features clean, climate-controlled suites comprised of three walls and a glass door with a metal mesh ceiling for open air flow (each a "Suite"), and amenities such as private beds and webcam that can be accessed 24/7/365 by customers in any part of the world. Our services include cuddle and play time, visual stimulation, and frequent cleaning.

Club Cat, LLC, our affiliate, owns the trademarks and other intellectual property and has licensed the trademarks and other intellectual property to the Company under a perpetual license agreement (the "License"). The License grants the Company the right to use these trademarks and other intellectual property to sublicense them to franchisees of the Company.

During the period from Inception through December 31, 2023, 0 franchised outlets were opened and 0 franchised outlets were closed, respectively. As of December 31, 2023, 0 franchised outlets were in operation, respectively.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business plan and has sustained losses from operations for the period from inception through December 31, 2023 and is projecting continued losses from operations and net cash outflows from operating activities for the year ending December 31, 2024 and is dependent on additional funding from its member and affiliate. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The company's member and affiliate have committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statements.

After considering the financial wherewithal of its member and affiliate to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements, management concluded that substantial doubt about the Company's ability to continue as a going concern has been alleviated. Accordingly, these financial statements do not include any adjustments that would be required were the Company not be able to continue as a going concern.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States ("U.S. GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

2. Significant Accounting Policies (continued)

Use of Estimates
The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition. Actual results could differ from those estimates.

Fair Value Measurement
Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents. The carrying values of cash and cash equivalents is considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data

Cash and Cash Equivalents
For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Revenue Recognition
The Company will recognize revenue in accordance with FASB ASC 606-10-25, Revenue from Contracts with Customers. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company's primary sources of revenue are as follows:

Franchise fee revenue
The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a weekly basis. A franchise agreement establishes a Hotel developed in one or multiple defined geographic areas and provides for a 10-year initial term with the option to renew for two additional 5-year term. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise to a new or existing franchisee. The new franchisee will then sign a new franchise agreement and is required to pay a transfer fee.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

Franchise fee revenue (continued)

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as site selection, training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue will be allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities will be recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services will be recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees will be recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees will be recognized over the contractual term of the transfer agreement.

Royalty revenue
Royalty revenue will be based on six percent of the Hotel's gross sales, and will be recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur.

Brand development fund revenue
The Company will maintain brand development fund to promote general brand recognition of the franchise system and services. Funds will be collected from franchisees based on an agreed-upon percentage of franchisee's weekly gross sales and used to pay costs of, or associated with, conducting market research, preparing advertising, promotion, and marketing materials, and costs to administer the brand development fund. Although brand development fund revenue is not separate performance obligations distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company will record brand development fund contributions in revenue and related brand development fund expenditures in expenses in the statement of operations. Brand development fund revenue will be contributed by franchisees based on one percent of Hotel's gross revenue and will be recognized as earned.

Advertising and marketing
All costs associated with advertising and marketing are expensed in the period incurred.

Income Taxes
The Company is treated as a single member limited liability company for tax purposes and as such is considered a disregarded entity under the provisions of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the sole member is taxed on the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statement. The company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements
In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company adopted and implemented this guidance on January 6, 2023 and had no material impact on our financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits with one financial institution.

4. Income Taxes

The Company is treated as a single member limited liability company for tax purposes and as such is considered a disregarded entity under the provisions of the Internal Revenue Code. Because of its status the Company itself does not file an income tax return separate and apart from its member.

The Company's sole member files income tax returns in the U.S. federal jurisdiction and the state jurisdictions in which the Company operates. The Company is subject to routine audits by taxing jurisdictions from the inception January 6, 2023; however, there are currently no audits for any tax periods in progress. In accordance with FASB ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023.

5. Commitments and Contingencies

Litigation
The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

6. Subsequent Events

The Company has evaluated subsequent events through January 31, 2024, the date the financial statements were available to be issued.

Club Cat Franchising, LLC

FINANCIAL STATEMENT

March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Management
Club Cat Franchising, LLC

Opinion

We have audited the accompanying financial statement of Club Cat Franchising, LLC LLC ("the Company"), a Texas limited liability company, which comprise the balance sheet as of March 31, 2023, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of March 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Club Cat Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTD)

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Club Cat Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

GTL,LLP

Certified Public Accountants
Sherman Oaks, California
April 21, 2023

Club Cat Franchising, LLC

Balance Sheet

March 31, 2023

ASSETS

Cash	$ 39,330

MEMBER'S EQUITY

Member's equity	$ 39,330

The accompanying notes are an integral part of this financial statement.

Club Cat Franchising, LLC

Notes to Financial Statement

March 31, 2023

1. NATURE OF OPERATIONS

Club Cat Franchising, LLC ("the Company") is a franchisor that will sell franchises of the Club Cat concept. Franchisees will operate a boutique, luxury cat-only hotel under the name “CLUB CAT” (“Hotel”) featuring spacious cat care suites, webcams, and a variety of resort-like services designed to pamper cats and reassure cat owners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year

The Company's fiscal year-end is December 31.

Basis of accounting and financial statement presentation

The Company's balance sheet has been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

Management uses estimates and assumptions in preparing this financial statement. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents

The Company considers financial instruments with original maturity of 90 days or less to be cash equivalents. There were no cash equivalents at March 31, 2023.

Income taxes

The Company is a single member LLC and thus is taxed as a disregarded entity and all income and losses flow through to its member and in turn, its member pays taxes on their individual income tax returns.

The Company's federal and state income tax returns are subject to examination by the Internal Revenue Service and applicable state taxing authorities for three (3) and four (4) years after each filing, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Concentrations

From time to time the Company's bank balances may exceed the FDIC insured limits. The Company has not experienced and does not anticipate any losses related to these balances.

3. SUBSEQUENT EVENTS

The Company has evaluated events through April 21, 2023, to assess the need for potential recognition or disclosure in the financial statement. Based on this evaluation, it was determined no events occurred that require recognition or additional disclosure in the financial statement.

EXHIBIT G
TO CLUB CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

GENERAL RELEASE

RELEASOR, hereby releases and discharges CLUB CAT FRANCHISING, LLC and its present and former owners, governing persons, agents, and employees (collectively, the RELEASED PARTIES), from any and all claims, causes of action, and liability of any kind, whether arising under contract, tort, or otherwise, which RELEASOR has, had, or claims to have against the RELEASED PARTIES including, without limitation, claims arising out of the franchise agreements or development agreement between RELEASOR and CLUB CAT FRANCHISING, LLC and/or the offer and sale of the CLUB CAT franchise opportunity.

If RELEASOR is domiciled or has their principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

EXHIBIT H
TO CLUB CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

LIST OF FRANCHISEES
As of December 31, ~~2022~~2023

Franchisee	Street Address	City	ST	Zip	Phone
None					

LIST OF FRANCHISEES WHO LEFT THE SYSTEM
As of December 31, ~~2022~~2023

The following are franchisees who were terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement as of December 31, 2023, or who have not communicated with us within the last 10 weeks.

Franchisee	City	ST	Zip	Phone
None				

EXHIBIT I
TO CLUB CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This ~~Franchise Disclosure Document~~document is effective and may be used in the following states, where the document is filed, registered~~, on file,~~ or exempt from registration ~~in the following states having franchise registration and disclosure laws, with the following effective dates:~~ , as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	~~July 12, 2023~~Pending
~~Hawaii~~	~~Not filed~~
~~Illinois~~	~~Not filed~~
~~Indiana~~	~~Not filed~~
~~Maryland~~	~~Not filed~~
~~Michigan~~	~~Not filed~~
~~Minnesota~~	~~Not filed~~
~~New York~~	~~Not filed~~
~~North Dakota~~	~~Not filed~~
~~Rhode Island~~	~~Not filed~~
~~South Dakota~~	~~Not filed~~
~~Virginia~~	~~Not filed~~
~~Washington~~	~~Not filed~~
~~Wisconsin~~	~~Not filed~~

~~In all other states, the effective date of this Franchise Disclosure Document is the issuance date of May 12,~~ 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.

~~2023.~~

EXHIBIT J
TO CLUB CAT FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Club Cat 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.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Club Cat 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 your state agency listed in Exhibit A.

Issuance Date: ~~May 12, 2023.~~February 14, 2024

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Shana Martin	1360 Reynolds Avenue, #120 , Irvine, California 92614	(310) 245-6210
Sean Martin	1360 Reynolds Avenue, #120, Irvine, California 92614	(310) 245-6210

I acknowledge receiving this Franchise Disclosure Document dated ~~May 12,~~ February 14, 2024~~2023~~, including the following Exhibits:

~~EXHIBIT A — Table of Contents of Manual~~
~~EXHIBIT B — List of State Administrators~~
~~EXHIBIT C — List of Agents for Service of Process~~
~~EXHIBIT D — Franchise Agreement~~
~~EXHIBIT E — Development Agreement~~
~~EXHIBIT F — Financial Statements~~
~~EXHIBIT G — General Release~~
~~EXHIBIT H — List of Current and Former Franchisees~~
~~EXHIBIT I — Receipt~~

~~Print Name~~

~~Signature~~ ~~Date~~

~~If signing on behalf of a corporation or other entity, please complete the following:~~

~~Name of Entity~~ ~~Title~~

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_____
Print Name

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[KEEP THIS PAGE FOR YOUR RECORDS]

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_____
~~Print Name~~

_____ _____
~~Signature Date~~

~~If signing on behalf of a corporation or other entity, please complete the following:~~

_____ _____
~~Name of Entity Title~~

[RETURN THIS COMPLETED FORM TO CLUB CAT FRANCHISING, LLC]