ColorOnly

FRANCHISE DISCLOSURE DOCUMENT

COLORONLY EXPRESS SALONS FRANCHISE COMPANY, LLC

ISSUANCE DATE: MAY 1, 2023

FRANCHISE DISCLOSURE DOCUMENT

ColorOnly Express Salons Franchise Company, LLC
A Delaware Limited Liability Company
4020 Galt Ocean Drive, Suite 301
Fort Lauderdale, FL 33308
954.869.3030
Franchising@coloronly.com
www.coloronly.com

As a franchised ColorOnly Express Salons® you will operate a five-step express hair color salon, featuring ColorOnly's proprietary ammonia-free,10-minute permanent hair color, formulated and dispensed on-site by ColorOnly's Express Mixing Machine Assistant "EMMA" for application to customers seeking simple (non-bleach) root touch-up and all-over color services, in a simple, contemporary atmosphere characterized by our trade dress under the trade names and pending trademarks ColorOnly Express Salons® and ColorOnly™ (a "Salon").

The total investment necessary to begin operation of a ColorOnly Express Salons® franchised business is $286,172 to $483,072. This includes $143,172 to $149,172 that must be paid to the franchisor or an affiliate.

The total investment necessary to operate multiple Salons under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop: (i) two (2) Salons is $331,672 to $528,572, which includes a $134,500 development fee that is paid to us and your total investment to begin operation of your first Salon; and (ii) ten (10) Salons is $607,672 to $804,572, which includes a $376,000 development fee that is paid to us and your total investment to begin operation of your first Salon.

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 a different format, contact Franchise Sales at 4020 Galt Ocean Drive, Suite 301, Fort Lauderdale, Florida 33308 and (914) 960-8432.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read the entirety 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. Information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or public library for other sources of information on franchising.

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

The issuance date of this disclosure document is May 1, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much 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 C 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 ColorOnly business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a ColorOnly franchisee?	Item 20 or Exhibit G-1 and Exhibit G-2 list 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 A.

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

Special Risks to Consider About *This* Franchise

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

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

2. **Personal Guaranty**. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. This Guaranty will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guaranty will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

4. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

a. A prohibition on the right of a franchisee to join an association of franchisees.

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

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

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

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

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

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

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

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

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

iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
CONSUMER PROTECTION DIVISION
Attn: Franchise
525 West Ottawa Street
Williams Building, 1st Floor
Lansing, Michigan 48933
Telephone Number: (517) 335-7567

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EXHIBITS

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

Franchisor

The Franchisor is ColorOnly Express Salons Franchise Company, LLC, referred to as "**we**," "**us**" or "**our**." "**You**" or "**your**" means the person who buys the franchise. If you are a corporation, partnership, or other entity (an "Entity"), certain provisions of the Franchise Agreement will apply to any owners of a legal or beneficial interest in you ("**Owners**"). This disclosure document will indicate when your Owners are also covered by a particular provision.

We are a Delaware limited liability company formed on August 3, 2022, and only do business under our corporate name. Our principal business address is 4020 Galt Ocean Drive, Suite 301, Fort Lauderdale, Florida 33308. Our agents for service of process are listed in Exhibit A of this Disclosure Document.

We have been offering franchises of the type described in this Disclosure Document since December 20, 2022, and have never offered franchises or licenses in any other line of business. We have no parent company nor any predecessors. We do not engage in any other business activities.

Parents, Predecessors and Affiliates

We are an affiliate of Dyebar Express Ltd., a Delaware Corporation, formed on May 14, 2018 ("Dyebar") and shares our principal business address. Dyebar opened the first ColorOnly Express Salons® in Coral Springs, Florida in March 2020, through its wholly owned subsidiary, ColorOnly Express Salons LLC., a Florida limited liability company. Dyebar has never offered franchises in any line of business. Dyebar is a manufacturer of hair color and other hair care related products, sold directly to consumers and to hair care professionals. You will be required to maintain a minimum level of inventory from Dyebar.

The Franchise Offered

We grant franchises for the operation of a five-step system based express hair color salon, featuring ColorOnly's proprietary ammonia-free, 10-minute hair color, formulated, and dispensed on-site by ColorOnly's Express Mixing Machine Assistant "EMMA" for application to customers seeking simple (non-bleach) root touch-up and all-over color services.

Our proprietary business format and system ("**System**") includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, our proprietary products, operation, and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a ColorOnly Express Salon, all of which we may change, improve, and further develop (collectively, our "**Standards**").

All Salons are constructed to our specifications as to size (ranges between 1,300 to 2,000 square feet), layout, décor, and the like. Salons are typically located in a metropolitan area or surrounding suburbs, and proximity to high traffic areas is desirable. A Salon may be located either in a freestanding building or in an in-line retail plaza space, but, in any event, ample parking, good visibility and availability of prominent signage are a necessity. Preferred locations for Salons are strip shopping centers with a mixture of residences and commercial facilities (offices and businesses) nearby.

You will operate the Salon according to our standard franchise agreement (see Exhibit B) and our Standards, specifications, policies and procedures which will be communicated to you via our confidential operations manuals and other written directives (collectively, our "**Manuals**").

While franchisees may from time to time, in our sole discretion, be permitted to participate in certain direct to consumer ecommerce channels, the Franchises described in this Disclosure Document are for physical locations at which products and services are provided to customers on-site inside the Salon.

Salons operate in accordance with the System. The distinguishing characteristics of the System include, but are not limited to, our Salon designs, layouts, and identification schemes (collectively, the "**Trade Dress**"), our specifications for equipment, inventory, and accessories; our website or series of websites for the promotion of the brand and the Salons (the "**System Website**"); our relationships with vendors; our software and computer programs; our online booking system; our reservation procedures; our computerized color mixing and dispensing machine "**EMMA**", that we have developed or may develop; the accumulated experience reflected in our training program, operating procedures, customer service standards, methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements ("System Standards") set out in our operations manuals ("**Manuals**") and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

You may purchase a ColorOnly Express Salon® franchise to develop and operate one Salon at a mutually agreed upon site (the "**Site**") within an area that we will specify (the "**Site Selection Area**") in a franchise agreement (the "**Franchise Agreement**") that we and you will execute. Our current form of Franchise Agreement is included as Exhibit B to this disclosure document. You will have no obligation, nor any right, to open any additional Salons unless evidenced by an agreement executed between Franchisor and Franchisee. Under the Franchise Agreement, you have no right to use the Marks or the System at any location other than the Site or to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution other than the operation of the Salon at the Site.

You will operate a Salon as an independent business unit utilizing the Marks, business concepts, support, guidance, and materials developed by us. You will offer and provide products and services to the general public under the terms and conditions contained in the Franchise Agreement and Manuals, which you will be provided access to via our intranet. You must offer for sale all services, products, and merchandise we designate, unless you obtain our approval not to offer certain services, products, or merchandise. You may not offer other services, merchandise, or products without our prior written approval.

You must designate a single non-Entity Individual to serve as the "Manager," with the responsibility of supervising the daily operations of the Salon and the power to bind you in their dealings with us.

Multi-Unit Offering. We also offer qualified individuals and entities the right to open and operate three (3), five (5), or ten (10) Franchised Businesses within a designated market area (the "**DMA**") under our current form of area development agreement that is attached to this Disclosure Document as Exhibit C (the "Development Agreement"), which will also outline a schedule or defined period of time in which you must open and commence operating each Franchised Business (a "**Development Schedule**"). Our current form of multi-unit development agreement is attached to this Disclosure Document as Exhibit D ("**Multi-Unit Agreement**"). You will be required to sign a Franchise Agreement for your initial Franchised Business at the same time you sign your Development Agreement and Multi-Unit Agreement. In addition, you will eventually need to sign our then-current form of franchise agreement, which may differ from the current Franchise Agreement included with this Disclosure Document, for each of the Franchised Businesses you open under the Development Schedule. You will be required to pay us a one-time development fee that will be calculated based on the number of Franchised Businesses we grant you the right to open under the Development Agreement (the "Development Fee"), but you will not be required to pay an initial franchise fee at the time you execute your franchise agreements for each Franchised Business we permit you to open under your Development Agreement.

Market

You will sell products and provide services that are part of ColorOnly Express Salons™ standard portfolio and which appeal to women and men of all ages, but primarily within the 30 to 75 age range.

We are the first of its kind to offer express (under 30 minutes) hair color services for a $30 monthly membership fee. However, the hair salon market is highly competitive. Therefore, at some point you should expect to compete with other national, regional, and local businesses offering competitive goods and services, including members of established national or regional chains and franchise systems.

Industry Regulations

You are responsible for knowing and complying with all laws and licensing requirements related to the operation of your Salon. You are exclusively responsible for ensuring that your stylists are licensed by the state Cosmetology Board or equivalent licensing entity. There will be industry- specific regulations in your municipality, county or state relating to the operation of a haircare salon. Health and sanitation regulations will require that your stylists maintain their haircutting equipment according to specified standards, including following proper sanitizing procedures and disposal of hair. Environmental laws may regulate the way in which certain solutions are used, stored, and disposed of in the process of providing services to customers. Building codes may require Salon accessibility or special ventilation or plumbing within your Salon. You must also comply with employment laws such as Title VII of the Civil Rights Act, Family and Medical Leave Act, Consolidated Omnibus Budget Reconciliation Act, Fair Labor Standards Act, all federal and state wage and hour laws, paystub requirements, workers' compensation, Internal Revenue Code, immigration laws, and all federal and state employment laws. You are also responsible for the knowledge and application of all federal and state laws that are applicable to the business including all federal and state antitrust laws, anti-discrimination laws, data security and privacy laws, laws that are applicable to the computer system, payment processing or other technology used in the operation of the Salon – including, computer disposal and data wiping specifications, data and consumer privacy and security laws, including, but not limited to, the Telephone Consumer Protection Act (TCPA), the Payment Card Industry Data Security Standard (PCI-DSS), the National Automated Clearinghouse Association operating rules and all related and associated regulations, as well as any other applicable federal, state, and local laws and regulations related to direct marketing and consumer protection, along with the rules, requirements and regulations of any applicable jurisdiction, such as, without limitation, the California Consumer Privacy Act of 2018 (CCPA), the California Privacy Rights Act (CPRA) Colorado Privacy Act, Virginia Consumer Data Protection Act, state data breach notification laws, information security requirements such as 201 Mass. Code Reg. 1.700, and all similar federal, state, and local laws and all applicable industry standards concerning privacy, confidentiality and data security (collectively "Privacy Laws").

Federal, state, and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state, and local governmental requirements in your jurisdiction. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Salon.

ITEM 2.
BUSINESS EXPERIENCE

Chief Executive Officer and Manager: Stephen Drescher

Mr. Drescher has been our President and our Manager since our inception in May 2018. He also has been the Chief Executive Officer for Dyebar since May 2018. He is one of the co-founders of the ColorOnly Express Salons™ concept.

Chief Operating Officer: Steve Duchin

Mr. Duchin has been our Chief Operating Officer since inception. He also has been the Chief Operating Officer for Dyebar since May 2018. He is one of the co-founders of the ColorOnly Express Salons® concept.

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

You must pay us an initial franchise fee equal to $54,500 for a single franchise (the "Initial Franchise Fee"), when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable. We charge the Initial Franchise Fee uniformly to all franchisees. We have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion, on a case-by-case basis, or if we run a franchise marketing promotion.

You may purchase additional units each with a stand-alone territory containing approximately 150,000 individuals, and will not exceed a maximum diameter of six miles (or a three-mile radius), by paying us the following initial fees:

Territories	Cumulative Initial Franchise Fees	Individual Franchise Fee	Cumulative General Population
1	$54,500	$54,500	150,000
2	$100,000	$45,500	300,000
3	$134,500	$34,500	450,000
4	$169,000	$34,500	600,000
5	$203,500	$34,500	750,000
6	$238,000	$34,500	900,000
7	$272,500	$34,500	1,050,000
8	$307,000	$34,500	1,200,000
9	$341,500	$34,500	1,350,000
10	$376,000	$34,500	1,500,000

You must sign a separate franchise agreement for each territory purchased. The Initial Franchise Fee is uniformly imposed and deemed fully earned and nonrefundable upon execution of your Franchise Agreement. If the cumulative general population figures used to calculate your Protected Territory exceed the cumulative general population figures set forth in the chart above, you are required to pay, in addition to your Initial Franchise Fee, an overage fee in an amount equal to the number of excess cumulative general population multiplied by thirty cents ($0.30) per individual.

Technology Fees

Before you commence operation of your Salon, you must license the web-based business management software that we designate ("Management Software") (which is currently MindBody™ Online) and other software that we prescribe from us or our designee. We charge an initial non-refundable $575 setup fee. In addition, beginning with the month that you set up your Management Software account, you must begin paying us a monthly technology fee (the "Technology Fee") for certain products and services and licenses related to the Technology System (as described in Items 8 and 11). Currently, the Technology Fee is $699 per month. Three month's payment of the Technology fee must be made prior to opening each salon. The Technology Fee currently covers licenses or sublicenses to use the Management Software, and other software that you must use in the operation of your Salon (the "Required Software"). We may change the Technology Fee and the products, services, software, licenses, and sublicenses covered by the Technology Fee from time to time in the Manuals or otherwise in writing.

Presale/Grand Opening Program

For your first Salon, 12 weeks before you open, you must pay us, or an affiliate (as we designate), $30,000 for a presale/grand opening program ("Grand Opening Marketing Program") for your Salon during the period that is at least 8 to 12 weeks before the opening of your Salon (or such other period as we may prescribe in the Manuals). You may spend more than the minimum amount that we require for you. For your first Salon, we require you to participate in the Grand Opening 8-12-Week Marketing Program. For your subsequent Salons, we may require you to use this service at our sole discretion. The Grand Opening Marketing Program covers the cost of pre- opening and grand opening advertising and will consist of a variety of meetings with potential members, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of the Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement - §3(e)).

"Fast Start" 24 Week Marketing Program.

For your first Salon, we require you to participate in the "Fast Start" 24 Week Marketing Program. You must pay us, or an affiliate (as we designate), a minimum of $2,000 a week for 24 weeks after the opening of your Salon. You may spend more than the minimum amount that we require for you. For your subsequent Salons, we may require you to use this service at our sole discretion. The Fast Start program covers the cost of local Social Media Advertising for your first 24 weeks after the opening of your Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement - §3(f).

Initial Inventory of ColorOnly Colorants, Enzyme Developer, and Wet Line.

You must purchase from our affiliate, Dyebar, any products or materials developed by it, for us and/or which bear our trademarks ("**Proprietary Products**"). Included among our Proprietary Products are our hair dye colorants, enzyme developer and wet care line. You must purchase and maintain an inventory of our Proprietary Products as needed to meet the Salon's reasonably anticipated consumer demand. We estimate your initial mandatory start-up kit of inventory will be between $8,000 - $14,000.

[Remainder of page intentionally left blank. Item 6 begins next page.]

ITEM 6.
OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty Fee [(2)]	The greater of (a) 7% Gross Sales [(3)] from the previous week or (b) $250	Weekly	See Note 3 for the definition of Gross Sales. We will debit your bank account for the Royalty due. Royalty holiday for 6 months from the grand opening date.
Brand Fund Contributions [(4)]	Currently, 2% of Gross Sales. May be increased up to 3% of Gross Sales from the previous week.	Weekly	We may change the Brand Fund Contribution from time to time. We will debit your bank account for the Brand Fund Contributions due and contribute this amount to the Brand Fund, which is described in Item 11.
Local Advertising Contributions [(5)]	After completing the "Fast Start" 24 Week Marketing Program (see Item 7) you must spend in each week at least $625 on advertising, promotions, and public relations within the Territory.	Weekly, with the Royalty Fee	All advertising and promotion are conducted by Us or our designated Advertising Agency. Each week, after the Fast Start Marketing Program you must pay to us a minimum payment of $625.00 weekly) Each quarter, upon written request, our Advertising Agency will give you an accounting of the last quarter's advertising activities from your local advertising payments. You must also prominently display franchise brochures that we provide, at our cost, in your location to solicit prospective franchisees. All decisions regarding the selection of the particular media and the advertising content, whether paid for through the Local Advertising Fee or paid for by you directly, shall be within the sole discretion of Franchisor and the Advertising Agency and subject to our approval.
Remodeling and Refurbishment [(6)]	All costs and expenses for remodeling or refurbishment	As required	We may require you to remodel and/or refurbish your Salon to meet our then current image for Color Only Salons. We will not make this request more frequently than every five years.

Type of Fee[1]	Amount	Due Date	Remarks
Cooperative Advertising	As determined by the Co-op, if one is formed in your area, up to 5% of weekly Gross Sales	As determined by Cooperative	We may establish an association of franchised and affiliate-owned Salons located in a designated geographic area (a "**Co-op**"). Each Salon in a Co-op is entitled to a single vote, whether operated by a franchisee or us or our affiliates. We and our affiliates currently do not control a majority of votes in any Co-op. There is no minimum or maximum Co-op contribution. We may collect funds on behalf of Co- ops that we manage. Co-op contributions count toward your required local advertising spend.
Successor Franchise Fees	50% of then-current initial franchise fee for new franchisees	Before renewal	Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew.
Transfer/Assignment Fee	50% of then-current Initial Franchise Fee for new franchisees for a Control Transfer. 25% of the then- current Initial Franchise Fee for all other transfers, plus any applicable broker or commission fees (other than transfers to an Entity formed to operate the Salon).	Before consummation of the transfer or sale	Payable when, and if, you transfer or sell your franchise. There are other conditions to transfer. A "**Control Transfer**" means any transfer of (i) any interest in the Franchise Agreement; (ii) the Salon or all or substantially all of its assets; (iii) a 20% or greater interest in your Entity; or (iv) an ownership interest that results in a change in control over your Entity.
Interest and Late Fees	Lesser of 1.5% per month or the highest rate permitted by law, plus $100 per week or portion of a week that the payment or report is overdue	On demand	Payable on all overdue amounts and reports. Interest begins from the date of non-payment or underpayment.
Audit Expenses	The cost of the audit, including any charges of independent accountants, travel expenses and per diem personnel charges	On demand	If you understate any payment owed to us by more than 2%, you must reimburse us for our actual costs incurred in conducting the audit, including attorneys' fees, accountants' fees, travel expenses and compensation of our employees. These fees will not exceed our actual costs.
Refresher Training Fees	Reasonable fee, currently, $250 per day per person trained	On demand	We periodically may require you (or your Manager) and/or, at our option, the Salons manager to attend and complete to our satisfaction any supplemental or refresher training programs we choose to provide.

Type of Fee[1]	Amount	Due Date	Remarks
Conference Attendance Fee	Our then-current registration fee to attend any Annual Conference we designate, currently $500 per person	As incurred	We may schedule and hold an Annual Conference as we deem advisable in our sole discretion. We may require that you and, if appropriate your Designated Manager and other management personnel attend such conference. You will be responsible for the costs and expenses you incur in connection with any Annual Conference (lodging, travel, meals, etc.).
On-Site Evaluation Fees	Our costs and expenses in connection with the on-site evaluation	On demand	Payable only if we determine that on-site evaluations are or become excessive. In that case, we may require you to reimburse us for our costs and expenses in relation to each evaluation, including the cost of travel, meals and lodging for our personnel.
Insurance Premiums	Amount of unpaid premiums, plus a reasonable administrative fee	On demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Product Purchases	See Item 8	See Item 8	You must buy products that (i) meet our standards and specifications and (ii) are purchased from suppliers designated or approved by us. We reserve the right to designate ourselves or affiliates as the exclusive supplier for certain products. If we do so, then you must purchase them from us.
Technology Fee	Currently, $699 per month, plus a $575 Management Software setup fee	As invoiced	Currently, this fee includes access to the Required Software that we prescribe and require from time to time for use in the operation of Salons. This fee is paid during the month of service and payments will commence upon the opening of your Management Software account for your Salon. 3 Month's payment of the Technology fee must be made prior to opening each Salon. We may change this fee and the included products and services from time to time.
Non-Compliance Fee	Up to $1,000 per notice of violation	10 days after notice of violation	We may assess a non-compliance for violations of the Franchise Agreement and/or the Manuals. We reserve all other rights and remedies.

Type of Fee[(1)]	Amount	Due Date	Remarks
Product/Supplier Approval Costs	Reasonable cost of inspection or testing plus actual cost of laboratory fees, professional fees and travel and living expenses of our personnel	When billed	We may require you to pay us or an independent laboratory for the cost of inspection or testing if you desire to purchase or lease items to be used in the Salon from sources we have not previously approved.
Management Fee	A fee that we specify up to 15% of Gross Sales plus our actual costs and expenses	On demand	If you are in default of the Franchise Agreement, fail to maintain the Salon in accordance with our standards, or fail to have a trained manager on staff, we may send in our personnel to manage the Salon until the default is cured or you are able to meet our standards. If we manage your Facility, after a death or disability, the fee shall be 3% of Gross Sales plus our actual costs and expenses.
Indemnification	Will vary under circumstances	On demand	You must indemnify us and our affiliated parties when certain of your actions result in loss to us under the Agreements.
Costs and Attorneys' Fees	Will vary under circumstances	On demand	You will reimburse us for all costs in enforcing obligations if we prevail.

NOTES:

All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed, and they are payable to us. We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer. The amounts set forth above in this item 6 are subject to change upon 30 days' written notice to you.

(1) "**Royalty Fee**." A royalty fee will be due weekly and will be calculated as follows: the greater of (a) 7% Gross Sales from the previous week; or (b) $250 per week. There will be Royalty holiday for 6 months from the grand opening date where royalties will not be due 6 months from the grand opening date.

(2) "**Gross Sales**." means the total dollar sales from all guests or customers of your Franchised Business, including without limitation (a) the sale and provision of any and all Approved Products and Services; (b) all proceeds from any business interruption insurance related to the non-operation of your Salon(s); (c) all revenue from the sale of any and all goods, products, items, merchandise or services sold under any of the Proprietary Marks or at or through the Barbershop; (d) all revenue generated from the sale and redemption of gift cards and gift certificates at or through your Franchised Business; and (e) all sales of Approved Products and Services on a wholesale basis, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Sales" does not include (i) tips received by stylists and other practitioners at the Franchised Business; or (ii) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto. We will always have the right to address how a System franchisee's use of Groupon® or other similar program in connection with their Franchised Business will impact and/or be accounted for with respect to Gross Sales in our Manuals or otherwise in a writing that we provide to you.

The term “**Core Business Operations**” means all mandatory business activities of or associated with the Salon, including, without limitation, the Salon's front desk and membership operations, all hair color and hair care related services and other services we designate from time to time. The term “**Ancillary Business Operations**” means business activities other than Core Business Operations, such as enhanced color services: highlights, balayage, lowlights, ombre, etc., and others we approve of in writing. We may specify in the Manuals and periodically modify those business activities that will be deemed Ancillary Business Operations.

“Gross Sales” does not include taxes collected from the customer and paid to a taxing authority, refunds and credits provided to customers, and rent or fees collected from an unrelated business that is not directly accessible from the Salon.

(3) “**Brand Fund Contribution**”. We reserve the right to administer and establish a Brand Fund. If established, you will be required to contribute the then-current Brand Fund Contribution in the manner we prescribe. The Brand Fund Contribution shall not exceed 2% of your weekly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee, as a percentage of weekly Gross Revenues Collected. The Brand Fund Contribution must be paid to us each week in the same manner as you are required to pay your Royalty. We have the right to increase your required spend to up to 3% of your total Gross Revenues Collected. We also reserve the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that you must use for your Color Only Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). Please see Item 11 of this disclosure document for additional information regarding the Brand Fund and your other advertising/marketing obligations.

(4) “**Local Advertising Contributions**”. All advertising and promotions are conducted by Us or our designated Advertising Agency. Each week, after the Fast Start Marketing Program you must pay to Us or our designated Advertising Agency a minimum payment of $625.00 weekly. We recommend $1,250.00 weekly during the first year of operations. Each quarter, upon written request, our Advertising Agency will give you an accounting of the last quarter’s advertising activities from your local advertising payments.

(5) “**Remodeling and Refurbishment**”. You agree to take, without limitation, the following actions during the Term at your expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Salon at intervals that we may periodically designate and at our direction; (ii) interior and exterior repair of the Salon as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may periodically specify (or, if we do not specify an interval for replacing any item, as that item needs to be repaired or replaced). Upon our written request, you must refurbish the Salon at your expense to conform the decor, Trade Dress, color schemes, signage, and presentation of the Marks to our then-current image. We will not make this request more frequently than every five years. Such refurbishing may include, as we deem necessary, remodeling, redecoration, and other modifications to existing improvements and updating or replacing any Operating Assets. You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Salon, and/or in your spending substantial amounts for new Operating Assets, and you agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term).

General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates (as we designate) or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a franchise under this Disclosure Document, and they are payable to us and are fully earned upon receipt by us.

Manner of Payment. All sales and work orders must be inputted into the POS System. With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the “EFT Program”), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the “EFT Account”). You must immediately deposit all revenues from operations of your ColorOnly Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. Upon execution of the Franchise Agreement, you must provide us with: (i) your bank’s name, address, and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account.

We reserve the right to require you to report and pay any fees due under by other means as we may specify from time to time. We reserve the right to require you to provide us with verified Gross Revenue Reports in the event we are unable to process an electronic funds transfer based upon information you input you into the POS System. Each Gross Revenue Report must set forth: (i) your Gross Revenue Collected generated during the previous week; (ii) your calculation of the Royalty; and (iii) any other information we may require. We may change the form and content of the Gross Revenue Reports from time to time and/or require you to submit Gross Revenue Reports on a weekly basis, upon notice to you. If a Gross Revenue Report is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations. Additionally, you must send us monthly finalized profit and loss statements by the 21st of the following month. Failure to do so upon 14 days’ written notice is grounds for termination of the Franchise Agreement.

Transfer Fee. You must pay us a transfer fee equal to 50% of our then-current Initial Franchise Fee per Protected Territory that is being transferred to transferee. In the event you transfer multiple Locations at once, we reserve the right, but have no obligation, to reduce the transfer fee for any of the Locations being transferred, and by any amount. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Provided certain conditions are met, we will not charge you a transfer fee if you are an individual and transfer ownership to a corporation or limited liability company that you control. See Item 17 in this disclosure document for additional information regarding transfer Attorneys’ Fees and Costs. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must reimburse us for our reasonable attorneys’ fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and your claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded as part of the judgment in the proceeding.

Supplier and/or Non-Approved Product Approval. We reserve the right to charge you a fee for reviewing any non-approved supplier of any vehicles, supplies, equipment, inventory, or services, as well as any non-approved product, which you propose for use in connection with the ColorOnly Business. If we determine that it is necessary to inspect the supplier’s facilities or conduct tests, we may require you or the supplier to pay the actual costs we incur for such inspection and testing. Please see Item 8 of this disclosure document for additional information regarding our approval process for alternate suppliers or non-approved products.

Software Updates. You must purchase all updates for your third-party software programs, as sent to you by the software provider(s). We may also send you software updates, as we deem necessary in our sole discretion, or other materials that we may develop in connection with the System or System software that we require you to purchase.

Audit Costs. You must maintain accurate business records, reports, accounts, books, and data relating to the operation of your ColorOnly Business. We and our designees retain the right to inspect and/or audit your business records at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than 2%. These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

Indemnification. You are solely responsible for, and must indemnify and hold us harmless for, all loss, damage, claims or demands arising out of, or related to, the operation of your ColorOnly Business, including warranty claims. Your indemnification obligations are described more fully in the Franchise Agreement.

Insurance. You must obtain and maintain certain insurance in connection with your ColorOnly Business from our designated vendor. If you fail to obtain the required levels of insurance, we may obtain such insurance on your behalf and require that you reimburse us for the costs associated with obtaining this insurance for you, as well as pay us a service fee in connection with obtaining this insurance. Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name us as an additional insured. You agree to maintain evidence that such insurance by subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time. See Item 8 for more information regarding our insurance requirements. We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the ColorOnly Business.

Annual Conference. We hold an annual conference for our System (the "Annual Conference") and require that you and your management (if applicable) attend this Annual Conference and pay us our then-current registration fee up to $500 per person for attending. You will be charged $500 if you do not register for the Annual Conference by the deadline.

Post-Termination or Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or transfer of the Franchise Agreement, you are responsible for the costs associated with de- identifying yourself and your ColorOnly Business from the ColorOnly System. Additionally, we may elect to take steps to modify, alter or de-identify your ColorOnly Business. If we do so, you must also reimburse us for our costs and expenses.

Recruiting Fee. We may offer optional recruiting services to assist in recruiting key employees and subcontractors. As of the issuance date of this disclosure document, you may, but are not required to, elect this service and if elected you must pay us or our affiliate (as we designate) a then-current one-time recruiting fee ("Recruiting Fee"). As of the date of this disclosure document, the current Recruiting Fee is $1,999. We also reserve the right to make this service mandatory, to modify the optional Recruiting Fee, and/or modify the recruitment requirements that you must use for your ColorOnly Business, and to designate and/or change the amount, scope, or manner of payment of the Recruiting Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

ITEM 7.
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT

Type Of Expenditure	Low Estimate	High Estimate	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	$54,500	$54,500	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses During Training (2)	$1,200	$2,400	Lump Sum	As incurred	Outside suppliers
Rent (three months plus deposit equal to one month) (3)	$12,800	$30,000	Installments	As agreed in lease or sublease	Landlord
Leasehold Improvements: Construction Costs (4)	$50,000	$160,000	As Agreed	As incurred	Outside contractors and suppliers
Computerized dye mixing and dispensing machine, "EMMA" (5)	$3,000	$5,000	Lump Sum	As incurred	TBD Sourcing; Third party (installation)
Technology Fee - Software Licensing Fee & Setup Fee (3 months) (6)	$2,672	$2,672	As Agreed	Monthly	Us
Furniture, fixtures, and equipment (7)	$40,000	$60,000	As Agreed	As Incurred	Wadsworth Design
Initial Inventory of Beauty and Salon Supplies and Retail Merchandise (8)	$2,000	$4,000	Lump Sum	As incurred	Approved suppliers
Initial Inventory of ColorOnly colorants and enzyme developer(9)	$8,000	$14,000	Lump sum	As incurred	Dyebar
Exterior Signage	$2,500	$5,000	As Agreed	As incurred	Outside suppliers
Computer Hardware System (10)	$2,000	$4,000	As Agreed	As incurred	Outside suppliers
Pre-Sale and Grand Opening Advertising (11)	$30,000	$30,000	As Agreed	As incurred	Us
"Fast Start" 24 Week Marketing Program (12)	$48,000	$48,000	As Agreed	As incurred	Us
Business Licenses/ Miscellaneous Opening Costs (13)	$1,000	$3,000	Lump Sum	As incurred	Outside suppliers
Insurance (14)	$3,500	$5,000	Lump Sum	As incurred	Insurance Company
Additional Assistance (15)	$0	$5,500	Lump Sum	As incurred	Us
Additional Funds - 3 Months (16)	$25,000	$50,000	As Agreed	As incurred after Salon opens	Outside suppliers
Total Estimated Initial Investment (17)	**$286,172**	**$483,072**			

NOTES:

General. The amounts provided in this Item 7 include costs you will incur to start your ColorOnly Business. These estimates are based upon our experience and based upon industry data, and the experience of our management team in operating similar businesses. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The estimates provided in this Item 7 assume that you will rent the premises in which your Business will be located from a third-party landlord. It does not include costs associated with the acquisition of real estate if you decide to operate from a building you purchase. The costs for rent, fixtures, and improvements will vary and may be significantly higher than projected in this table, based on the square footage, location, economic climate, market conditions, prevailing interest rates, other financing costs, the conditions of the property, and other physical characteristics of your ColorOnly Business.

1. **Initial Fee**. The low estimate is for franchisees who are opening their second or subsequent Salon. The high estimate is for a franchisee's first Salon. See Item 5.

2. **Travel and Living Expenses During Training**. We provide initial training for up to three trainees for no charge. You must arrange and pay for all travel and living expenses for the people who attend the initial training program. Costs vary depending on the distance traveled and the type of lodging. This estimate does not include the cost of transportation. See Item 11 for a description of the initial training program.

3. **Deposit for Leasehold and Rent (three months)**. If you do not already own suitable commercial space, the premises must be purchased or leased. We anticipate that most Franchisees will lease the premises. We require a commercial space of 1,300-2,000 square feet of interior space. We have based our estimate off of our affiliates' experience operating its Salon. The cost of leasing or purchasing space will vary, depending on location and other market factors, and cannot be accurately projected by us; as a result, the costs shown above may be low or high. In certain markets, especially major metropolitan markets (e.g., New York, San Francisco, Chicago), costs could be substantially higher due to prevailing market rates. In our experience, the landlord will typically offer free rent for an initial period, but we have not included the potential for free rent in the estimate. The initial investment includes your first month of rent and the security deposit. The amount of the security deposit may vary significantly depending on whether you provide a personal guarantee to your landlord. If you purchase the premises, your initial investment will increase dramatically.

4. **Leasehold Improvements and Construction Costs**. You will need to engage architects that we designate or approve to adapt our prototype designs and plans for the building in which you will locate your Salon in accordance with state and local building codes. Construction costs vary depending upon numerous factors, including the size and configuration of the premises and the cost of materials and labor for construction. The cost shown does not include the cost to purchase the building or site for the Salon. The range shown includes costs for end-cap, free-standing and in-line Salons. We have based our estimate on our experience in constructing our Salon. The cost of leasehold improvements depends on the condition and size of the site, the local cost of contract work, and the location of the Salon. In certain markets, especially major metropolitan markets (e.g., New York, San Francisco, Chicago), costs could be substantially higher due to prevailing market rates for labor and materials. These estimates may also vary substantially based upon your ability to negotiate with your landlord. Some landlords provide a tenant improvement allowance that will cover some of these costs. We believe allowances ranging from $0 to $80,000, are achievable. The estimate has not been adjusted to reflect any potential tenant improvement allowances. The high estimated figures include remodeling walls, ceilings, floors, and other construction including electrical, plumbing, HVAC and carpentry work. This estimate also takes into account the cost of permitting.

5. **Computerized Dye Mixing and Dispensing Machine "EMMA"**. You must obtain, maintain, and use the hardware, software, other equipment (Argon tank), and network connections that we specify periodically in the Manuals necessary to operate EMMA. The estimated initial lease down payment for EMMA is between $3,000-$5,000, and monthly payments of $150-250. Monthly payments could vary based on a variety of factors including, but not limited to, term length, location, and credit score.

6. **Technology Fee – Software Licensing Fee (3 months)**. We charge a monthly Technology Fee to all franchisees for all Required Software. The Technology Fee is currently $699 per month and must be paid one month in advance, commencing with the month that you set up your Management Software account for your Salon. This estimate includes three months of fees, as well as the $575 fee to set up the Management Software.

7. **Furniture, fixtures, and equipment**. Also includes all interior design elements, and interior signage. Flooring and lighting are an additional charge. This range also includes our supplier's fee for your salon layout design.

8. **Initial Inventory of Beauty & Salon supplies and retail merchandise**. You must purchase from an approved supplier all salon & beauty supplies necessary to run the salon. We estimate the cost of the supplies to range between $2,000-$5,000. This estimate includes an initial mandatory start-up kit of inventory.

9. **Initial Inventory of ColorOnly colorants, enzyme developer, and wet line**. You must purchase from our affiliate, Dyebar, any products or materials developed by it, for us and/or which bear our trademarks ("**Proprietary Products**"). Included among our Proprietary Products are our hair dye colorants, enzyme developer and wet care line. You must purchase and maintain an inventory of our Proprietary Products as needed to meet the Salon's reasonably anticipated consumer demand. This estimate includes an initial mandatory start-up kit of inventory is between $8,000-$14,000.

10. **Computer Hardware System**. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our point-of-sale system, the membership management system, the accounting system, the training system, the online reservation system, and other technology systems that we designate (collectively, the "Computer Hardware System"). We estimate the cost to range between $2,000-$4,000 and includes the cost of acquiring the required equipment in the Computer Hardware System, including one desktop computer, one television, two laptops, and three to four tablets.

11. **Pre-Sale and Grand Opening Advertising**. For your first Salon,12 weeks before you open, you must pay us, or an affiliate (as we designate), $30,000 for a presale/grand opening program ("Grand Opening Marketing Program") for your Salon during the period that is at least 8 to 12 weeks before the opening of your Salon (or such other period as we may prescribe in the Manuals). You may spend more than the minimum amount that we require for you. For your first Salon, we require you to participate in the Grand Opening 8- 12-Week Marketing Program. For your subsequent Salons, we may require you to use this service at our sole discretion. The Grand Opening Marketing Program covers the cost of pre-opening and grand opening advertising and will consist of a variety of meetings with potential members, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of the Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement - §3(e)).

12. **"Fast Start" 24 Week Marketing Program**. For your first Salon, we require you to participate in the "Fast Start" 24 Week Marketing Program. You must pay us, or an affiliate (as we designate), a minimum of $2,000 a week for 24 weeks after the opening of your Salon. You may spend more than the minimum amount that we require for you. For your subsequent Salons, we may require you to use this service at our sole discretion. The Fast Start program covers the cost of local Social Media Advertising for your first 24

weeks after the opening of your Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement - §3(f)).

13. **Business Licenses/Miscellaneous Opening Costs**. This estimate is subject to any state and local requirements for licenses and permits.

14. **Insurance**. Insurance must be obtained to meet the minimum requirements established by the System Standards. See Item 8.

15. **Additional Assistance**. At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance which is beyond the nature and scope of the services we are then providing to new ColorOnly™ franchisees as part of the Initial Franchise Fee. We estimate that the fee will range from $0 to $5,500. The low estimate assumes that you do not request additional assistance.

16. **Additional Funds – 3 Months**. This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your business based on the costs our affiliates have incurred opening and operating similar Salons. This estimate includes additional funds you may need to pay employee salaries and wages, utilities, payroll taxes (including payroll to cover the pre-opening training period for your staff), fees payable to us, legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items.

17. **Total Estimated Initial Investment**. The amounts shown are estimates only and may vary for many reasons. Your actual costs will depend on factors such as how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the prevailing wage trade; competition; and the sales level reached during the initial period. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

We do not offer any direct or indirect financing for your initial investment for a Salon (see Item 10). The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit, and policies of lending institutions concerning the type of business operated.

B. YOUR ESTIMATED INITIAL INVESTMENT FOR DEVELOPMENT AGREEMENT

Type Of Expenditure	Low Estimate	High Estimate	Method Of Payment	When Due	To Whom Payment Is To Be Made
Development Fees	$100,000 (2 pack)	$376,000 (10-pack)	Lump Sum	At Signing of Development Agreement	Us
Initial Investment for Single Unit ColorOnly Business (minus Franchise Fee)	$231,672	$428,572			
Totals	**$331,672**	**$804,572**			

NOTES:

(1) **Offering**. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Development

Agreement for the right to own and operate between two and 10 Franchised Businesses, as well as the initial investment to open your first Franchised Business under your Development Schedule.

(2) **Development Fee**. The Development Fee is described in greater detail in Item 5 of this Disclosure Document.

(3) **Initial Investment**. This figure represents the total estimated initial investment required to open the first Franchised Business you agree to open under the Development Agreement. You will be required to enter into our then-current form of franchise agreement for each Franchised Business you open under your Development Agreement. The range includes all the items outlined in Chart One of this Item, except for the Initial Franchise Fee (which you are not required to pay if one you pay the Development Fee). It does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Development Agreement.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Products and Services. We have the right to require that furniture, fixtures, signs, and equipment (the "**Operating Assets**") and products, supplies, and services that you purchase for resale or purchase or lease for use in your Salon: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates) You must offer customers only the products and services we approve in writing. In addition, you must offer specific products and services that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products or services that we designate as mandatory. You may sell products and services only in varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand if we have not prescribed specific standards).

Salon Layout Design and Fixtures, Furniture, and Additional Materials, Supplies, and Products. You will engage our designated supplier for the layout design of your Salon. This same supplier will also serve as your supplier for much of the Salon's furniture and fixtures. In general, we may designate suppliers from whom you will be required to purchase certain non-proprietary fixtures, furnishings, equipment, uniforms, supplies, marketing materials, forms, computer hardware, software, modems and peripheral equipment and other products, supplies, services, and equipment, other than Proprietary Products, which you may or must use or sell at or through the Franchised Business. You may use, offer, or sell only those non- proprietary products that we expressly authorize, and you may purchase them from (i) us or our affiliates, (ii) suppliers we designate, or (iii) suppliers you select that we approve in advance in writing.

We may change approved and required suppliers from time to time, and we or our affiliates may be approved or designated suppliers for certain items. We will provide you with a current list of approved suppliers (including required and recommended suppliers) through updates to the Manuals or other forms of communication.

Development of Salon. We must approve the site for your Salon and the site must meet our then-current site criteria. If you lease the site for your Salon, you are required to have the landlord sign our then-current Lease Addendum (the current form of which is attached as Appendix E to the Franchise Agreement attached as Exhibit B to this disclosure document). Under the Lease Addendum, we will be granted the right, but not the obligation, to take possession of your Salon premises if your franchise agreement is terminated.

You are obligated, at your expense, to have an architect designated or approved by us prepare all required construction plans and specifications, based on our design drawings and specifications. You must, at your expense, use construction contractors designated or approved by us. You will not engage any architects or contractors that we have not approved.

Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. The insurance policy or policies must be written by a responsible carrier or carriers reasonably acceptable to us and name us (or our designated affiliate) as an additional insured. We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the ColorOnly Business. Currently, we require you to obtain the following minimum coverage in accordance with our standards and specifications:

Type of Coverage	Minimum Amount
General Liability	$1,000,000 each occurrence / $2,000,000 aggregate
Property	Not less than actual replacement cost plus $25,000 utility services direct damage; $25,000 utility services business income; $15,000 sign coverage; $50,000 computer hardware and software coverage; $25,000 employee dishonesty coverage; $25,000 forgery and alteration coverage; $20,000 money and securities coverage; and tenant building glass coverage
Professional Liability	$1,000,000 each occurrence / $3,000,000 annual aggregate; $100,000 each occurrence for sexual misconduct; $300,000 aggregate for sexual misconduct
Workers' Compensation	As required by law
Automobile Liability and Property Damage	$1,000,000 per occurrence
Employment Practices Liability	$250,000 annual aggregate with $25,000 maximum deductible
Business Interruption and Extra Expense Limit	Not less than 75% of your annual revenue
Cybersecurity	$250,000 per occurrence

Each of your insurance policies must be written by a carrier with an industry rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports, must name us, our subsidiaries, affiliates, and respective officers, directors, members, shareholders, and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us, in our sole discretion. Each insurance policy must contain an express waiver by the insurance company of subrogation rights in favor of us, our affiliates, successors, assigns and any party we designate and will be primary and non-contributory to any insurance we might carry. All insurance policies you hold will be primary and non-contributory to any policy or policies held by us or our affiliates. Each insurance policy will list us as an additional insured except the Employment Practices Liability policy will provide us coverage. The Employment Practices Liability policy is required to have an endorsement as listed on Form CG 20 29 or its equivalent and must and name franchisor as Co-Defendant.

At least 30 days prior to opening your ColorOnly Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least 10 days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

These amounts are the minimum requirements. You should consult with your own insurance broker and advisors to determine the types and amounts of coverage that you need or desire to provide sufficient coverage for your business in addition to the coverage required by us. We may periodically modify the types of coverage required or increase or decrease the amounts of coverage required.

You must also carry the insurance required by your landlord and applicable law. We may specify an insurance agency or insurer as the designated supplier for this service. The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance history.

Your obligation to obtain and maintain the policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Franchise Agreement. If you fail to procure or maintain the insurance that we require, we may (but are not obligated to) obtain the required insurance and charge the cost of the insurance to you, plus a reasonable administrative fee.

Technology System. Before you commence operation of your Salon, you must license the web- based business management software that we designate ("**Management Software**") and other software that we prescribe from us or our designee (collectively the "**Technology System**").

Approval Process. If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We may specify in the Manuals, but are not required to, our criteria for approving suppliers, service providers, or particular items. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge the products and services that we approve for you to offer in your Salon may differ from those that we permit or require to be offered in other Salons.

We reserve the right to re-inspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you must cease purchasing or leasing the formerly- approved item or service or any items or services from the formerly approved supplier or service provider and you must dispose of your remaining inventory of the formerly approved items and services as we direct. If we revoke approval of a previously approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our franchise system.

Standards and Specifications. You must operate the Salon according to our System Standards. System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies to be used in operating the Salon, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). We do not make any express or implied warranties with respect to any products or goods we recommend for your use. Our standards and specifications may impose minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability to service our franchise system as a whole. We may, at any time, change, delete, add to, or modify any of our standards and specifications. These changes, deletions, additions, or modifications, which will be uniform for all franchisees, may require additional expenditure by you. We will notify you in our Manuals or other communications of any changes to our System Standards or approved suppliers or service providers.

Proportion of Purchases Subject to Specifications. We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 75% to 85% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a ColorOnly Business and 75% to 85% of the total cost to purchase and lease equipment, inventory, and other items to operate a ColorOnly Business.

Revenues and Payments from Required Purchases. We or our affiliates may derive revenue or other benefits based on your purchases and leases, including from charging you for products and services we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from you or suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. In the 2022 Fiscal Year we did not derive any revenues from required franchisee purchases or leases, or supplier rebates, but we reserve the right to do so. We reserve the right to negotiate arrangements with these Approved Suppliers including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

Cooperatives and Purchase Arrangements. We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. Currently we have a negotiated purchase arrangement with our approved supplier for merchant services. We reserve the right to enter additional purchase agreements or cooperatives.

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

ITEM 9.
FRANCHISEE'S OBLIGATIONS

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.

	Obligations	Section In Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 3(a) and 3(b)	7, 8, 11 and 12
b.	Pre-opening purchases/leases	Sections 3(d), 3(e), 3(g), and 6(i)	5, 6, 7, 8, and 11
c.	Site development and other pre-opening requirements	Sections 3(c), (d), (e), (f) and (g); Section 4(a)	6, 7, 8, and 11
d.	Initial and ongoing training	Section 4	6, 7, and 11

	Obligations	Section In Agreement	Disclosure Document Item
e.	Opening	Section 3(d)	11
f.	Fees	Sections 1(f), 2(b), 3(a)(iii), 4(a), 4(a), 5, 6(i), 6(j), 6(k), 7(e), 8(b), 9(c), 9(d),10(b), 15(c)(ii), 16(a), 17(a), and 20(k)	5, 6, 7, and 11
g.	Compliance with standards and policies/Operating Manual	Sections 4(c) and 6	5, 8, 11, 12, 13, 14, 15, and 16
h.	Trademarks and proprietary information	Sections 12, 13, and 15	13, 14, and 17
i.	Restrictions on products/services offered	Sections 3(c), 3(d), 3(e), 3(f), 3(g), and 6	8, 11, and 16
j.	Warranty and customer service requirements	Sections 6(a) and 6(h)	11
k.	Territorial development and sales quotas	Section 1(d)	12
l.	On-going product / service purchases	Section 3(g), 6(c), 6(f), 6(g), 6(h), 6(i), 6(j), and 6(k)	8, 11, and 16
m.	Maintenance, appearance, and remodeling requirements	Section 2(b)(vi) and 6(k)	7 and 11
n.	Insurance	Section 17(b)	7 and 8
o.	Advertising	Sections 3(e), 3(f), 7 and 8	6, 7, 8, and 11
p.	Indemnification	Section 17(a)	6
q.	Owner's participation/ management/ staffing	Sections 4, 6(k), 13 and 19	11 and 15
r.	Records and reports	Section 8(c)	6, 11, and 17
s.	Inspections and audits	Sections 8(a) and 8(b)	6 and 11
t.	Transfer	Section 9	6 and 17
u.	Renewal	Section 2(b)	6 and 17
v.	Post-termination obligations	Section 16	17
w.	Non-competition covenants	Sections 13 and 16(d)	17
x.	Dispute resolution	Sections 20	17

ITEM 10.
FINANCING

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

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

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

Pre-Opening Obligations

Before you open your Salon, we will:

1. Designate your Site Selection Area if a Site has not already been selected. (Franchise Agreement §1(a))

2. Furnish to you site selection guidelines, site selection counseling and assistance, and such on-site evaluation(s) as we consider necessary and appropriate as part of our evaluation of your request for

acceptance of a proposed site. We do not typically own sites that we lease to franchisees. (Franchise Agreement §3(a)(i))

3. Review and accept or reject a site you propose within 15 days after receiving the complete site proposal and other materials. (Franchise Agreement §3(a)(ii))

4. Review and, in our reasonable judgment, approve each letter of intent, lease, sublease, or purchase agreement (and any renewals and amendments thereof) that will govern your acquisition, occupancy and/or lawful possession of the Site (collectively, "**Site Agreements**") (Franchise Agreement §3(b)(i))

5. Loan to you a set of sample architectural and design plans and mandatory and suggested specifications including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs, and furnishings, for a Salon. You must independently, at your expense, have the architectural and design plans and specifications adapted for construction of the Salon in accordance with our approved plans and specifications. (Franchise Agreement §3(c))

6. Review and, in our judgment approve, your initial space plans in writing and then approve your final architectural plans, construction plans and specifications through a Certificate of Approval. In developing your Salon, you must follow the steps described under "Site Selection and Salon Development" below. (Franchise Agreement §3(c))

7. Provide you with access to our Manuals. (Franchise Agreement §4(c))

8. If the Franchise Agreement relates to your first Salon, we will provide the Initial Training Program described below. (Franchise Agreement §4(a))

9. Assist you in planning the pre-opening and grand opening marketing program for the Salon, which will include parameters that must be met before you obtain our approval to open your Salon. (Franchise Agreement §3(g))

10. Provide you with information regarding approved, required, and preferred products, services, and suppliers. (Franchise Agreement §6(c) and (f))

11. Make available to you the Required Software. (Franchise Agreement §6(i))

12. Provide you with recommended pricing tiers for your market based on local market conditions. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time.

For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with any advertising policies we adopt from time to time which prohibit you from advertising a price for such product or service that is different from our suggested retail price. (Franchise Agreement §6(c)(vi))

Continuing Obligations

After you open the Salon, we will:

1. Provide you with information regarding approved, required, and preferred products, services, and suppliers. (Franchise Agreement §6(c) and (f))

2. Provide you with ongoing access to the Manuals, which we may update from time to time. (Franchise Agreement §4(c))

3. Provide training programs to your replacement Head Colorist for our then-current fee. (Franchise Agreement §4(a), and §4(b))

4. Provide you with a written summary of any evaluations we conduct at your Salon if we elect to conduct such evaluations. (Franchise Agreement §9(a))

5. Maintain and administer directly or through our affiliates the general marketing and development fund (the "**Brand Fund**") as described below in this Item. We will prepare an annual statement of monies collected and costs incurred by the Brand Fund and furnish the statement to you upon written request. (Franchise Agreement§5(c)) Review and, in our sole judgment, approve your requests to conduct Ancillary Business Operations at the Salon. You must follow any conditions that we specify related to such operations. (Franchise Agreement §6(c)(iii))

6. Review and, in our sole judgment, approve your requests to conduct or be involved in any websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that use the Marks or that relate to the Salon or the network. (Franchise Agreement §7(g))

7. Review and, in our sole judgment, approve your request to offer products, services, or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved. (Franchise Agreement §6(f))

Advertising, Marketing, and Promotion

Our Advertising. We are not obligated to develop, produce, or conduct any advertising or promotional programs, other than through the Brand Fund (see Item 6), Grand Opening, and Fast Start Programs (see Item 5). If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be national, regional, or local in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency.

Brand Fund. We plan to administer a Brand Fund to promote Salons on a system-wide basis. Upon the opening of your Salon, you must begin paying a monthly Brand Fund contribution in an amount we designate (currently 2% of Gross Sales). We may increase or decrease the contribution amount in the future in our sole judgment up to 3% of Gross Sales. Currently, all Affiliate-Owned Salons contribute to the Brand Fund on the same basis as you do, but we may change this policy in the future. We reserve the right to defer or reduce contributions of any or all Salon franchisees and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the Brand Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund.

We or our designee will maintain and administer the Brand Fund as follows:

a. The Brand Fund will be intended to promote recognition and acceptance of the Marks generally. We will direct all advertising programs produced funded or sponsored by the Brand Fund and will have sole discretion to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of the advertisements, and the allocation of the money in the Brand Fund to production, placement, or other costs. The Brand Fund may be used to pay the costs of preparing, producing, and distributing materials in any form or format; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; developing marketing and advertising training programs and materials; conducting market research and secret shopper programs; creating, maintaining, and optimizing the System Website, other websites, and applications; implementing keyword or adword purchasing programs; conducting and managing social media activities; supporting public relations and other advertising, promotion and marketing activities; and reimbursing administrative costs. (Franchise Agreement - §7(b) and (d))

b. In administering the Brand Fund, we and our designees are not required to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you or any particular Salon benefits directly or pro rata from the placement of advertising. We are not required to spend any advertising monies in your Territory. (Franchise Agreement - §7(d))The Brand Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we may incur in activities related to the administration of the Brand Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Fund. We have no fiduciary duty to you, or any other franchisees, or your or their respective owners with regard to the operation or administration of the Brand Fund. (Franchise Agreement - §§7(c))

c. The Brand Fund may from time to time furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. (Franchise Agreement - §7(b))

d. We may spend in any fiscal year an amount greater or less than the contributions to the Brand Fund in that year, and the Brand Fund may borrow from us or other lenders to cover deficits of the Brand Fund. If we lend money to the Brand Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders. If excess amounts remain in the Brand Fund at the end of the year, the money will remain in the Brand Fund in the next year. (Franchise Agreement - §7(c))

e. During the 2022 fiscal year, we did not collect a Brand Fund contribution. An unaudited statement of the operations of the Brand Fund will be prepared annually by us. If you submit a written request to us requesting to review the statement, we will provide you with a copy of the statement after its preparation for the most recently completed fiscal year. We may, from time to time, cause the Brand Fund to be audited, but there is no requirement to do so. (Franchise Agreement - §7(c))

f. Although the Brand Fund is intended to be of perpetual duration, we may terminate the Brand Fund. If the Brand Fund is terminated, all unspent monies, less any outstanding accounts payable and other obligations, on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period. (Franchise Agreement - §7(a))

g. There is no contractual restriction on our right to use monies from the Brand Fund for preparation of franchise sales solicitation materials. However, we do not anticipate using the Brand Fund for such purposes, other than including a brief statement about the availability of franchises in items produced and/or distributed using the Brand Fund.

Presale/Grand Opening Program. For your first Salon,12 weeks before you open, you must pay us, or an affiliate (as we designate), a local brand advertising fee ("Local Brand Advertising Fee") of $30,000 for a grand opening program for your Salon during the period that is at least 8 to 12 weeks before the opening of your Salon (or such other period as we may prescribe in the Manuals). You may spend more than the minimum amount that we require for you. The Local Brand Advertising Fee covers the cost of Pre-opening and grand opening advertising and will consist of a variety of meetings with potential members, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of the Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement -
§3(e))

"Fast Start" 24 Week Marketing Program. For your first Salon, we require you to participate in the "Fast Start" 24 Week Marketing Program. You must pay us, or an affiliate (as we designate), a minimum of $2,000 a week for 24 weeks after the opening of your Salon. You may spend more than the minimum amount that we require for you. For your subsequent Salons, we may require you to use this service at our sole discretion. The Fast Start program covers the cost of local Social Media Advertising for your first 24 weeks after the opening of your Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement - §3(f)

"**Local Advertising Contributions**." All advertising and promotion are conducted by Us or our designated Advertising Agency. Each week, after the Fast Start Marketing Program you must pay to us or our designated Advertising Agency a minimum payment of $625.00 weekly. We recommend $1,250.00 weekly during the first year of operations. Each quarter, upon written request, our Advertising Agency will give you an accounting of the last quarter's advertising activities from your local advertising payments. (Franchise Agreement - §7(e))

Your Advertising. You must participate in such local, regional, or national advertising, promotional, sweepstakes/giveaway, and community outreach programs that we may specify from time to time, at your own expense. You must use your best efforts to promote the use of the Marks in your Territory. Your local advertising and promotion must follow our guidelines. You must use only digital and media agencies that we approve. You may not use an unapproved website or landing page for any of your marketing or advertising efforts. (Franchise Agreement - §7(e)(ii))

Marketing and Advertising Spend Reporting. You must submit to us monthly marketing and advertising expenditure reports accurately reflecting all local advertising expenditures. (Franchise Agreement - §7(e)(v))

Approval of Advertising. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Salons completely clear, factual, and not misleading, complies with all applicable laws, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify in the Manuals or otherwise. You must obtain our written approval of all advertising and promotional plans, materials, and marketing assets before their use. You will submit all unapproved plans, materials, and assets to us. If you do not receive written approval within 30 days of our receipt of such items, we will be deemed to have disapproved the items. You will not use any plans, materials, or marketing assets that we have not developed or approved, and will promptly discontinue use of any advertising or promotional plans, materials, or marketing assets, whether or not previously approved, upon notice from us. We will have the final decision on all creative development of advertising and promotional messages. (Franchise Agreement - §7(e)(iii))

Advertising Cooperatives. If a Co-op is established in a geographic area in which your Salon is located, we will require you to join and actively participate in it. We will determine the area and membership of the Co-op by media coverage or other criteria that we (or our Area Representative) establish, in our sole discretion. We will determine whether a Co-op should be formed, changed, dissolved, or merged for your market.

You must contribute to the Co-op such amounts as are determined from time to time by a vote of the members of the Co-op. Each Salon in a Co-op is entitled to a single vote, whether operated by a franchisee or us or our affiliates. We and our affiliates currently do not control a majority of votes in any Co-op. There is no minimum or maximum Co-op contribution. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op (dollar for dollar), up to the amount of your local advertising requirement. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you. The Co-op will adopt its own rules, regulations, and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. We reserve the right to require that the Co-op prepare annual financial statements. We also reserve the right to audit any accounts or funds collected by the Co-op. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the Co-op and its members. (Franchise Agreement - §7(f))

Digital Marketing. We may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Salon, and the entire network of Salons. (Franchise Agreement - §7(g))

Currently, we and our affiliates maintain an Internet website at the uniform resource locator www.ColorOnly.com that provides information about the System and Salons (the "**Website**"). The Website currently includes a series of interior pages that identify Salons by address and telephone number. We may (but are not required to) include at the Website an interior page containing additional information about your Salon. You must give us any information and materials that we request from time to time to develop, update, and modify such webpage, but we shall have final approval rights over any content. We may discontinue or modify the Website at our sole discretion. (Franchise Agreement - §7(g)(ii))

At our option, we or one or more of our designees may establish and maintain one or more mobile applications for members and/or prospective members to use ("**Mobile Apps**"). We may require you to promote the use of the Mobile Apps in your Salon or to provide content to be included in the Mobile App. We may add, discontinue, or modify any Mobile Apps from time to time in our sole discretion. (Franchise Agreement - §7(g)(iv))

Unless we consent otherwise in writing, you, your employees, and any third-party representatives or digital marketing agencies may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Salon or the network. You may not establish or maintain any social media accounts utilizing any usernames, or otherwise associating with the Marks, without our advance written consent.

Currently, you are not permitted to maintain a Salon-specific Twitter account or to create, have, or use an unapproved website or landing page. You must provide us with full admin access to all Facebook & Instagram pages, business managers, and ad accounts. You must provide ownership-level access to any Google My Business Salon profiles. You must provide, in writing, a list of all brand-related social media accounts that you, your employees, or any third-party representatives control, along with log-in information. If you conduct any e-mail marketing, you must use marketing templates that we have approved and must adhere to all requirements that we specify in the Manual. These policies are subject to change.

If we do permit you or your employees or representatives to conduct Digital Marketing, we may designate from time to time regional or territory-specific usernames/handles that you must maintain. You will be required to adhere to any social media policies that we establish from time to time and will require all of your employees to do so as well. You will be required to ensure that none of your Owners, managers or employees use our Marks on the Internet or any electronic communications network, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Manual and System Standards, including our then- current take-down policy.

Technology System

Before you commence operation of your Salon, you must license the Management Software we designate and other software that we prescribe from us or our designee for the Technology System. We charge an initial non-refundable $575 setup fee. In addition, beginning with the month that you set up your Management Software account, you must begin paying us a monthly Technology Fee for certain products and services and licenses related to the Technology System (as described in Items 8 and 11). Currently, the Technology Fee is $699 per month. Three month's payment of the Technology fee must be made prior to opening each salon. The Technology Fee currently covers licenses or sublicenses to use the Management

Software, and other software that you must use in the operation of your Salon (the "**Required Software**"). We may change the Technology Fee and the products, services, software, licenses, and sublicenses covered by the Technology Fee from time to time in the Manuals or otherwise in writing.

You must replace, upgrade, or update at your expense the Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements. We require you to obtain certain components of, or upgrades to, the Technology System and maintenance and support services related to the Technology System from us or our affiliates. We may charge you the Technology Fee, or other reasonable fees for such products and services.

We currently do not require you to enter into any maintenance, updating, upgrading, or support contracts related to the Technology System, but we reserve the right to require you to do so in the future. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Currently, if you elect to use our approved vendor for the installation of the Technology System, the vendor will provide ongoing support services as part of the installation fee (which is included in our estimate of the cost of the Technology System). If you elect to use another vendor for installation or support services, we cannot estimate what the vendor you select may charge for such services.

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Technology System for the purposes of obtaining the information relating to the Salon, such as information concerning gross revenues, membership information, and inventory. You must permit us to download and transfer data via a high-speed Internet connection or other connections that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the Technology System.

Computer Hardware System

You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals necessary to operate our point-of-sale system, the membership management system, the accounting system, the training system, the online reservation system, and other technology systems that we designate (collectively, the "**Computer Hardware System**"). We estimate the cost to range between $2,000 - $4,000 and includes the cost of acquiring the required equipment in the Computer Hardware System, including one desktop computer, one television, two laptops, and three to four tablets.

Site Selection and Salon Development

Site Selection. You must select the site for the Salon and submit a site approval request, on a form prescribed by us. The proposed site must comply with our site selection criteria (which are included in the Manuals) and be available for lease or purchase in time for you to develop and open the Salon at or before eight months from the date you sign the Franchise Agreement. We do not select or endorse your site. However, we will use our reasonable efforts to review and accept or reject a site you propose within 15 days after receiving the complete site proposal and other materials we request. We will not unreasonably withhold our acceptance of a site that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. In determining whether to accept or reject a proposed site, we also may consider the site's proximity to both boundaries of the Site Selection Area and to other existing or proposed Salons located outside the Site Selection Area boundaries. If we do not accept the proposed site within such 15-day period, the proposed site will be deemed rejected. (Franchise Agreement - §§3(a) and (b))

In reviewing the Site, we will provide site selection counseling and assistance, and on-site evaluations, as we consider necessary and appropriate. We may require you to purchase a demographic analysis and/or map for your Site Selection Area. If we determine that on-site evaluation is necessary (on our own initiative or at your request), we will provide such on-site evaluation at our expense, unless we determine that such on-site evaluations (at the same or any other location) are or become excessive, in which case we may require you to reimburse us for all reasonable costs and expenses incurred by us in relation to each such evaluation, including, without limitation, the cost of travel, lodging and meals for our employees and agents. You are limited initially to two site proposals; however, if we do not accept one of those initial proposed sites, you will have the ability at that time to provide an additional site proposal for a different site located within your Site Selection Area.

Site Agreements. You may not proceed to develop a Salon or enter into a binding commitment for the proposed site unless we have approved the site in writing. You must present to us for our review and approval, which we will not unreasonably withhold, each proposed Site Agreement at least 30 days before you intend to sign it. We may (but have no obligation to) provide you guidance or assistance relating to the Site Agreement and its negotiation. You may not sign any Site Agreement unless it contains the terms that we require in accordance with this Section and until you have received a written "Certificate of Site Agreement Approval" from us. If we have not approved a Site Agreement in writing within 10 business days after we receive a complete clean copy of the Site Agreement from you (containing all negotiated terms and in signature-ready form), then it will be deemed disapproved. You must locate an approved site and provide us with a signed copy of your lease/sublease (including a signed copy of our standard Lease Addendum) or purchase agreement, in each case on terms acceptable to us, within 4 months from the effective date of the Franchise Agreement. If you fail to do so, we may terminate the Franchise Agreement. (Franchise Agreement - §3(b))

Salon Development. It is your responsibility to prepare all required construction plans and specifications for the Salon only in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with applicable laws. Simultaneously with the negotiation of your Site Agreement, or shortly thereafter, you must provide us with complete space plans, architectural drawings, construction plans and specifications for review, and receive our written approval before you apply for permitting or begin construction or build-out of the Salon. We may require you to use architects and contractors designated or approved by us. (Franchise Agreement - §3(c))

You must follow these steps to build your Salon and preparing for its opening. Failure to do so will result in delays in equipment delivery and installation, initial training and/or final approval for opening.

1. Your construction drawings ("**CDs**") must be approved by our Construction & Design Department ("CDD"). You must receive a written certificate of approval from the CDD before you apply for any state or local permits or place an order for equipment and products from CO Salon Supply Company. You and/or your general contractor are not permitted to change the plans once they have been approved by us, and any unauthorized changes will result in a delay in your opening, and you will be required to fix any deviations before opening. Because our review is limited to ensuring your compliance with our design requirements, we will not assess compliance with federal, state, or local laws and regulations, or state and local environmental requirements and building codes. Compliance with those laws is your responsibility. We may inspect the site while you are developing your Salon.

2. You must provide us with a copy of all required permits and the proposed construction schedule from your general contractor. Our designated supplier for construction plans will then provide you with a tentative equipment installation date.

3. Upon equipment installation, you must submit the following items to us for review and approval prior to on-site launch training and Salon opening: (a) certificate of occupancy; (b) copies of all required insurance policies or other evidence of coverage satisfactory to us; (c) a complete set of required photographs of the Salon (we currently require 10 specific photos); (d) completed final pre-training/opening checklist (in form we specify); and (e) final build-out costs (in form we specify).

Additional Assistance

At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance which is beyond the nature and scope of the services we are then providing to new ColorOnly Express Salon® franchisees as part of the Initial Franchise Fee. If, in our sole discretion, we elect to provide such additional services, you and we will agree upon and document the nature and scope of this additional assistance. We may charge you a reasonable fee for such additional services, including, but not limited to, per diem charges for travel and living expenses for our personnel. (Franchise Agreement - §3(a)(v))

Time to Opening

We estimate the typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the franchise (whichever occurs first), and the opening of your Salon is approximately 180 to 240 days. Factors that may affect this period include whether you have selected a site when you sign the Franchise Agreement, your ability to obtain an acceptable site, arrange leasing and financing, make leasehold improvements, install Operating Assets, decorate the Salon, meet local requirements, obtain inventory, complete all required training programs, and similar factors. (Franchise Agreement - §3(d))

You must open the Salon for business within 8 months from the effective date of your Franchise Agreement (unless otherwise specified by us). If you fail to begin operations within the specified time period, we may exercise any of the remedies specified in the Franchise Agreement, including terminating the Franchise Agreement. (Franchise Agreement - §16(b))

Manuals

After you sign the Franchise Agreement, we will provide you with access to our Manuals. A copy of the table of contents of our Manuals is attached as Exhibit E to this disclosure document. Currently, our Manuals contain a total of 258 pages. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any unauthorized copies of the Manuals. (Franchise Agreement - §4(c))

Franchise Training

Initial Training Program. If the Franchise Agreement relates to your first Salon, we will provide an initial training program on the operation of a Salon (the "**Initial Training Program**") for all Owners who sign this Agreement (including your Manager, who must be a signatory on this Agreement). If there is room in the training class and all individuals who have signed this Agreement have been trained, we may allow up to two additional people, such as your Salon manager and/or your lead Colorist, to attend training for portions of the Initial Training Program related to Salon management and operations. We will train up to three trainees at no charge, and we may charge a reasonable fee for each additional trainee (currently, $1,000 per person for each session), including repeat or replacement trainees.

Our current Initial Training Program lasts four days and may be conducted, in our sole discretion, online via live and/or recorded sessions or in person at our headquarters in Fort Lauderdale, Florida. If we conduct in-person training, portions of such training may be provided via online "e-learning" modules through ColorOnly, our learning management software system. As of the date of this disclosure document, our initial training program occurs every month and is held online; however, the training schedule may change throughout the year. The subjects covered, approximate hours of classroom and on-the-job training, and other information about our initial training as of the date of this disclosure document are described below:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the- Job Training	Location
Review of Operations, Service Standards	8.0	0	Franchisor's corporate location, or other locations we designate
Recruitment, selection, and retention	3.0	0	Franchisor's corporate location, or other locations we designate
Bookkeeping, Computer Operations & Point of Sale Systems	10.0	0	Franchisor's corporate location, or other locations we designate
Product Retailing	1.0	0	Franchisor's corporate location, or other locations we designate
Marketing, Advertising and Public Relations	5.0	0	Franchisor's corporate location, or other locations we designate
Technology of EMMA	3.5	0	Franchisor's corporate location, or other locations we designate
Roles, Responsibilities, Recap	3.0	0	Franchisor's corporate location, or other locations we designate
Total Hours	**33.5**	**0**	

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. The instructional materials used in the initial training will consist primarily of our Manuals, marketing and promotional materials, videos, and other handouts.

Training will be conducted by Stephen Drescher, who created our System and has over 5 years' experience in the industry. We reserve the right to appoint other trainers to conduct training and each trainer we appoint will have a minimum of 6 months' experience in their technical area.

Additional Training. We may require you (or your Manager), your Salon's lead colorist, and/or Salon manager to attend (and, in the case of training programs, successfully complete) any conferences or supplemental or refresher training programs that we choose to provide at locations that we designate, including our annual ColorOnly™ conference, our annual training summit, and our annual management training program. We may charge you a reasonable registration fee for each individual that attends or participates in a program or conference. Currently, we charge fees for our conference and annual training summit, but do not charge a fee for our annual management training program.

If you own multiple Salons, we may permit, in our sole discretion, you (or your Manager) and a designated manager and lead trainer from one of your Salons to attend such programs on behalf of all of your Salons, provided that you will be responsible for training all of your managers and other employees at all of your Salons on the subjects taught at the programs to ensure that all such Salons are operated in accordance with System Standards.

You will be responsible for the compensation, travel and living expenses of you, your Owners and your employees during any and all training, conferences, and programs.

Training by You. You must implement a training program for all your employees using training standards and procedures we prescribe. While we, or your Area Representative, may provide additional guidance, you are responsible for making all hiring and employment decisions as the owner of the Salon. This includes, but is not limited to, employee selection, hiring, training, promotion, termination, hours worked, rates of pay, benefits, work assigned, supervision, discipline, and working conditions.

ITEM 12.
TERRITORY

Site

The Franchise Agreement grants you the right to operate a single Salon at a specific location in the Site Selection Area that you select, and we accept, in our sole discretion. You must select and secure a site that we have accepted within the non-exclusive Site Selection Area within four months of the effective date of the Franchise Agreement. The Site will be added to the Franchise Agreement once we accept it, and you secure it. Your Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the Site for the salon.

Relocation

You must operate the Salon only at the accepted location and you may not relocate the salon without obtaining our prior written consent and complying with any conditions that we may require.

Territory

You will select a Salon location, which we accept, from within your designated "Site Selection Area," identified in Appendix A to the Franchise Agreement. When the Salon location is identified, we will apply a “Territory,” which will also be identified in Attachment B to the Franchise Agreement. Except as described below, the Territory will consist of an area, typically a circle, surrounding your premises containing a population of up to 150,000 individuals, and will not exceed a maximum diameter of six miles (or a three-mile radius).

During the franchise term, we will not own or operate, or grant anyone else the right to operate, a Salon under the trademark ColorOnly within the Territory. Excepted out from the Territory will be venues within the Territory that we consider “Closed Markets.” These include any facility serving a captive market, including hotels, resorts, airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which hair dye and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties. As long as you meet the eligibility requirements for the Closed Market location and are not in default under any agreements with us, we agree to offer you a 30- day right of first refusal for any Closed Market locations that are located within your Territory prior to developing the location ourselves or offering them to a third party. Your Franchise Agreement grants you the right to sell products and services only at your Salon location. Therefore, so long as your customers come to your Salon location for the purchase of products and services, you will not be restricted from soliciting sales or accepting orders within or outside of the Territory, and neither we nor other franchisees must pay any compensation to you for soliciting or accepting orders within your Territory. The Franchise Agreement does not grant you any right to distribute ColorOnly brand products through wholesale channels, such as mail order, catalog sales, or Internet sales whether within or outside of your Territory. Unless granted to you under our Development Agreement, you do not have any options, rights of first refusal or other rights to acquire additional franchises. Neither we nor our affiliates have any current plans to operate a franchised business under a different trademark that will sell goods or services that are the same as or similar to those offered by Salons.

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

We will determine the Territory based on the factors that we deem relevant, which might include population, traffic flow, presence of businesses, location of competitors (including other salons), demographics, and other market conditions. We do not specify a minimum geographic or population size for the Territory. The Territory may be defined based on geographic boundaries, streets, or other criteria, as we determine appropriate based on the nature of the area surrounding your Salon. Once we have defined the Territory, we will insert a description (including a map) of the Territory in Schedule 1 & 2 to Appendix A of the Franchise Agreement, accordingly. At that point, you will have no territorial or other rights in those portions of the Site Selection Area that are outside the Territory.

As long as you are in compliance with the Franchise Agreement, your protected rights in the Territory will not be modified for any reason, except by mutual written agreement signed by both parties. If you are in default under the Franchise Agreement, we have the right to reduce the size of your Territory or eliminate your protected rights related to your Territory, in addition to other remedies.

Reserved Rights

We and our affiliates also reserve all rights not expressly granted to you under the Franchise Agreement, as well as the right to do all things that we do not expressly agree in the Franchise Agreement not to do. Without limitation, we and our affiliates reserve the right to conduct any of the following activities, among others, without any compensation to you:

1. Establish or license franchises and/or company-owned salons or businesses offering similar or identical products, services, and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory;

2. Develop or become associated with other concepts (including other franchise systems), whether or not using the System and/or the Marks, and/or award franchises under such other concepts for locations anywhere. We and our affiliates do not currently operate and/or franchise competitive concepts in the United States, but we or our affiliates may do so in the future. Such competing hair color concepts may be established in close proximity to your Salon without compensation to you.

3. Acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not) with units located anywhere and, even if such businesses are located in the Territory, (i) convert the other businesses to the ColorOnly Express Salons® brand and Marks and to allow them to operate as part of the System, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing salons to such other name;Advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; or

4. Manufacture, distribute, market, ship, sell and provide products and services, identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Territory through any alternative distribution channels (other than Salons located in the Territory), including through catalogs, mail order, retail stores or kiosks, e- commerce, applications, online videos, recorded media, or broadcast media, regardless of proximity to the Salon without compensation to you.

Restriction on Rights

You do not have the right to open additional Salons nor do you have any rights of first refusal on any other location. You do not have the right to use the Marks or the System at any location other than the Site or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Salon at the Site, unless we agree otherwise in writing. You must not use market, advertise, or use the Marks or marketing materials outside of your Territory (whether through social media or other marketing methods or media outlets), unless we agree otherwise in writing. You may not advertise on the Internet or establish or maintain any Website or any presence on the Internet without our prior written consent. You may use the Internet to advertise only in compliance with the Franchise Agreement. There are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement additional rules and restrictions regarding soliciting such customers in the future in our Manuals.

Development Program

Development Area. If you enter into a Development Agreement, you will have the right to develop a mutually agreed upon number of Businesses in the Development Area in accordance with the Development Schedule. The total number of Businesses to be opened in your Development Area, as well as the size of the Development Area, will be dependent upon a number of factors such as (i) the number of Businesses we grant you the right to open and operate, which will be a minimum of two (2); and (ii) the location and demographics of the general area where we mutually agree you will be opening these locations. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement.

You must execute our then-current Franchise Agreement for each Business that you develop under a Development Agreement. You must select a site, and obtain our acceptance of such site, as described above in this Item, at which point we will designate a Territory for the Business. We will use our then-current standards for accepting sites and designating Territories.

The Development Area is an exclusive territory. This means that while the Development Agreement is in effect, provided that you open and operate the Businesses in accordance with the Development Schedule and the minimum number of Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required under the Development Schedule, we will not operate, or license any person other than you to operate, a Business under the Marks and the System within the Development Area.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your exclusive right to develop Businesses within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

If a Businesses is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business ("**Destruction Event**"), you must diligently work to repair and restore the Business to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. Under such circumstances, the Business will continue to be deemed a "Business-in-operation" for the purpose of the development agreement for up to 180 days after the occurrence. If a Business (i) is closed in a manner other than those described in the Development Agreement or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may terminate the Development Agreement and all of your exclusive territorial rights, if any, will be eliminated.

The Development Agreement and your exclusive right to develop Businesses in the Development Area will expire on the last development deadline in the Development Schedule unless the Development Agreement is terminated sooner. Upon the expiration or termination of the Development Agreement, your right to develop Businesses within the Development Area will be terminated. However, Businesses that you have opened will continue to operate under the terms of the applicable Franchise Agreements.

Reserved Rights

Among other things, we reserve the right to: (a) establish or license franchises and/or company-owned Businesses or other businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area; (b) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area; (c) advertise, or authorize others to advertise anywhere, using the Marks; (d) acquire, be acquired by, or merge with other companies with existing hearing aid facilities or businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Hear Again America name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name; and (e) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under the Development Agreement. We will not compensate you for any actions we take in your Development Area.

Alternative Distribution Channels

We and our affiliates intend to offer hair color and other hair related products using certain ecommerce platforms under the Marks or other marks that we designate. While we may, in our sole discretion, offer you the opportunity to participate in these online offerings, we may offer these products, services to customers located anywhere without compensation to you.

National, Regional, and Key Accounts

We may from time to time enter into agreements to provide services to customers as part of a national, regional, or key account program at locations within the Territory. You must accept and perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of services, and central invoicing) with respect of locations within the Territory. If you refuse to perform the required services or we determine that your Business is not qualified, interested, able or available to perform the services, you are required to allow either our employee(s) or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

ITEM 13.
TRADEMARKS

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating your Salon. The primary trademarks we use and license to you are "ColorOnly Express Salons® and ColorOnly™" and related logos (collectively, the "**Marks**").

Trademark Registration

In addition to the Marks in the chart below, franchisees may also use other marks, registered or unregistered, that we own or have the right to use through a license agreement between DyeBar Express Ltd. and ColorOnly Express Salons Franchise Company, LLC (the "**License Agreement**") and that we designate as part of the Marks. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you and is perpetual in duration and may be terminated unilaterally by either party only upon a material breach of the License Agreement.

Our affiliate registered the following Marks, among others, with the Principal Register of the United States Patent and Trademark Office ("USPTO") and have filed all required affidavits with respect to each of the Marks:

Mark	U.S. Registration Number	Registration Date
ColorOnly Express Salons	7063928	May 23, 2023

At this time, we do not have a registration for the below trademark. Therefore, this trademark does not have many of the legal benefits and rights as a federally registered trademark. If your right to use the trademark is challenged, you may have to change to an alternative trademark which will increase your expenses.

Mark	U.S. App. Serial Number	Application Date
ColorOnly	97543313	August 10, 2022

We claim common law rights to the Marks and other terms and phrases used regularly in connection with the Business. We also claim common law rights to our designs, logos, and trade dress items, including color schemes and appearance, as well as copyright where applicable, but there have not been judicial determinations of the existence, validity, or extent of our rights. We claim and intend to rely on common law and/or statutory trade secret and unfair competition protection for the proprietary materials and information you are awarded a license to use under the Franchise Agreement.

There are presently no final effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any trademark administrator of any state or any court proceedings which limit or restrict our right to use the above-described Marks or are relevant to your use of the Marks for your ColorOnly Business.

Use of the Marks

Your right to use the Marks (including any additional trademarks or service marks we authorize you to use) is derived solely from the Franchise Agreement and is limited to the operation of your Salon in accordance with the terms of the Franchise Agreement and the Manuals. You must use the Marks only in strict accordance with the Franchise Agreement and the Manuals. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. You must display the Marks in a manner that we specify on signage at the Salon and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate.

Infringements

You must promptly notify us if any other person or Entity attempts to use any of the Marks or any colorable imitation of any of the Marks. You must immediately notify us of any infringement of or challenge to your use of any of the Marks. We will have the right to take any action that we deem appropriate, but the Franchise Agreement does not require us to take any action to protect your right to use any of the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks. We will have the right to control any administrative proceeding or litigation related to the Marks. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered, or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks.

Changes to the Marks

If we determine that is advisable at any time for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. However, we will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents, pending patent applications, or registered copyrights that are material to the ColorOnly Express Salons® franchise described in this disclosure document.

We and our affiliates do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, proprietary software and other copyrightable materials relating to the operation of Salons and the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our or our affiliates' copyrights. There is no currently effective agreement that limits our right to use and/or license our or our affiliates' copyrights. We are not obligated by the Franchise Agreement or otherwise to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

Any copyrights used by you in the Salon belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Salon.

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain information, processes, methods, techniques, procedures and knowledge, including know-how (which includes information that is secret and substantial), Manuals and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by us, our predecessor, or our or its Affiliates relating directly or indirectly to the development or operation of a Salon (the "**Confidential Information**"). You may disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Salon. You may disclose your Salon's financial results only to a lender or prospective purchaser in connection with the proposed loan or sale of your Salon or of a direct or indirect ownership interest in you, provided the recipient is subject to a confidentiality obligation with respect to such information. You may not use the Confidential Information in any other business or capacity; must maintain the absolute secrecy and confidentiality of the Confidential Information; must not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible or intangible form; must use best efforts to protect the information if you are legally compelled to disclose the information in a judicial or administrative proceeding; and must adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of or access to the Confidential Information, including, without limitation, requiring employees who will have access to such information to execute confidentiality agreements in a form periodically prescribed by us. You must require your managers and other key employees to sign our then-current form of Confidentiality and Restrictive Covenant Agreement, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This agreement will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

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

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

We do not require, but do recommend, that you (or your Manager) personally supervise your Salon.

You must designate a full-time, on-premises manager who (a) devotes his or her full working time and best efforts to the day-to-day, on-premises operations of the Salon, (b) has satisfactorily completed our management training program or a comparable program that we have approved, and (c) is not engaged in any other business endeavor (except passive investments which do not interfere with his or her duties as manager). The Salons manager is not required to have an equity interest in the Salon (or in you). If you for any reason no longer employ a salon manager, you must arrange for an individual who has been properly trained to temporarily manage the Salon or, in our sole discretion, allow us, on a temporary basis, to assume the management of the Salon ourselves or appoint a third party (who may be our affiliate) to manage the Salon for a reasonable fee until you hire a new trained manager. Unless we approve, no independent consultant or management company may manage the Salon.

We have the right to require you to obtain covenants against the use and disclosure of any confidential information from your owners (and any member of their immediate families or households), officers, directors, executives, managers or members of the professional staff and employees of your Salon who have received or will have access to our training or confidential information. Additionally, we have the right to require you to obtain noncompete covenants from your owners (and any member of their immediate families or households) and any officers, directors, or executives of your Salon. All of the required covenants must be in substantially the form of Nondisclosure and Noncompetition Agreement attached as Appendix C to the Franchise Agreement attached as Exhibit B to this disclosure document. We will be a third-party beneficiary with the right to enforce the covenants contained in such agreements.

We also require each of your Owners holding 15% or more of the legal or beneficial ownership interests in the franchise (and may require, in our sole discretion, any Owners holding less than 15% of the legal or beneficial ownership interests in the franchise) to personally guarantee your obligations to us under the Franchise Agreement, and we may also require such person’s spouse to sign the Owner’s Guaranty. The current form of Owner’s Guaranty is attached as Appendix B to the Franchise Agreement attached as Exhibit B to this disclosure document. All other Owners must sign a nondisclosure and noncompetition agreement in form satisfactory to us, as described above.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer in the Salon to customers only the products and services that we have approved in writing. In addition, you must offer the specific products and services, that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products and services that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

You must conduct all classes in accordance with the System. Any classes that you or your instructors develop must be consistent with the System Standards that we specify from time to time. If we disapprove of any class or program that you offer, you must immediately discontinue offering the class or modify the class in accordance with our instructions.

We may, without limitation, change the types, amounts, or specifications of the goods or services that you may offer. We may, without limitation and in our sole discretion, revoke approval of a previously-approved product or service that you have been selling, in which case, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

You must offer or perform (as applicable) in the Salon all Core Business Operations, as we periodically modify them. You and your employees must perform all Core Business Operations at the Salon, and you may not contract with or allow any third party, including any licensee, lessee, consultant, or other independent contractor (a "**Contractor**"), to perform them.

You may offer or perform (as applicable) in the Salon any Ancillary Business Operations (if any) that we specify or approve in our sole discretion. We may specify in the Manuals and periodically modify those business activities that will be approved as Ancillary Business Operations. If we withdraw our approval for any Ancillary Business Operations, you must promptly cease offering such Ancillary Business Operations.

At your option, but subject to our prior written approval and your compliance with all terms and conditions of the Franchise Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm's-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks ("**Other Mark**") that you own or license from a third party (an "**Ancillary Trademark Licensor**"). As a condition to obtaining our approval:

a. You must first submit to us all agreements and other documents evidencing the relationship between you and each Contractor or Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

b. You and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents we periodically specify to protect our rights in the System, Confidential Information and the Marks;

c. If a Contractor performs the Ancillary Business Operations, you and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

d. If a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from your Salon's other operations, and must be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Salon.

You may not make any sales of products or services outside of the Salon, conduct classes or programs outside of the Salon, or use vendor relationships that you establish through your association with us or the ColorOnly Express Salons® brand for any other purpose besides the operation of the Salon, unless we consent in writing. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we agree otherwise. There are no territorial restrictions from accepting business from retail customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including our other franchisees.

You must permit redemption of any brand gift cards at the rates we specify from time to time in the Manuals or otherwise in writing as part of our then-current gift card policy and be advised that we may sell such gift cards to customers via alternative channels of distribution.

Gift Card Sales/Loyalty Programs

Franchisee must sell, issue, redeem or otherwise issue gift cards (the "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, (without any offset against any Royalty Fee or other amounts

You must comply with the reciprocity and transfer programs we implement, as we periodically modify them. Except as provided in this Item, we do not impose any other restrictions in the Franchise Agreement or otherwise as to the goods or services that you may sell or as to the customers to whom you may offer such goods or services.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

A. Franchise Agreement

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 2(a)	Term is 10 years.
b.	Renewal or extension of the term	Section 2(b)	If you (and your affiliates) are in good standing, you can renew the Franchise Agreement for an additional term of 10 years.
c.	Requirements for you to renew or extend	Section 2(b) – 2(d)	We do not allow you to "renew" the Franchise Agreement, but we do grant you the right (subject to satisfaction of the conditions described below) to acquire a successor franchise, which requires you to sign our then-current form of Franchise Agreement which may contain materially different terms and

	Provision	Section in Franchise Agreement	Summary
			conditions than the franchise agreement attached to this disclosure document. Conditions for a successor franchise agreement include, among others: you must give six months' notice, repair and update equipment and remodel Salon premises, not be in breach of any Agreement with us or our affiliates, have the right to remain in possession of Salon premises, have satisfied all monetary obligations to us and our affiliates, pay successor franchise fee, agree to territorial changes, sign current Franchise Agreement and general release, and complete any retraining program we may require.
d.	Termination by you	Section 15(a)	You can terminate only if we fail to cure a default under the Franchise Agreement within 30 days after you give us written notice or, if the breach cannot be cured within 30 days, we provide you with reasonable evidence of our effort to correct such breach within a reasonable time period.
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	Section 15(b)	We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default. We may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
g.	"Cause" defined – curable defaults	Section 15(b)	You have five days to cure the non-payment of any amounts owed to us or omitted reports; five days to procure required insurance; and 30 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below.
h.	"Cause" defined – non-curable defaults	Section 15(b)	Non-curable defaults include, among others: you or your Owners make any misrepresentations or omissions to us; you fail to locate a suitable site and sign a lease for the location within the required time period; you fail to open the Salon by the Mandatory Opening Date; you abandon the Salon or lose possession of the Site; you or your Owners, officers or directors engage in activity or are convicted of a crime that may have an adverse effect on your Salon or the Marks; a lender forecloses a lien on a substantial and material portion of the Salon's assets; you or your owners improperly disclose, misuse, or misappropriate any confidential information or violate any competitive restrictions; you violate any material law and do not cure such violation within the time period prescribed by

	Provision	Section in Franchise Agreement	Summary
			governmental authority; you fail to pay taxes; you default under the Franchise Agreement or any other agreement with us or our affiliates three times within 12 months, whether or not such breaches are timely cured; you repeatedly fail to timely pay amounts owed to suppliers; you fail to achieve Performance Standards for two consecutive years; we or our affiliates terminate any other franchise agreement or other agreement granted to you or your affiliates; you make an assignment for the benefit of creditors or become insolvent; or you fail to comply with any other provision of the Franchise Agreement and do not cure within 30 days after notice.
i.	Your Obligations on termination/non-renewal	Section 16	Obligations include, among others: you must cease operating the salon; cease using the Marks and System; completely de-identify the business; cancel or transfer telephone number, post office boxes, domain names, social media accounts, and directory listings; pay all amounts due to us or our affiliates; return all Manuals and software and other proprietary materials; refund monies to members; and comply with confidentiality requirements and post- term restrictive covenants.
j.	Assignment of contract by us	Section 9(a)	No restrictions on our right to assign. Assignee must fulfill our Franchise Agreement obligations.
k.	"Transfer" by you – defined	Section 9(b)	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Marks, the Salon or substantially all of the assets of the Salon, or an interest in the ownership of the Salon (if you are an Entity).
l.	Our approval of transfer by franchisee	Section 9(b)	We reserve the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	Section 9(c)	Conditions include, among others: you must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, pay a transfer fee, and continue to be bound by post-termination provisions. Transferee must meet our criteria, assume all obligations, pay an acceptable purchase price, successfully complete training, renovate or modernize the Salon and sign our then-current form of Franchise Agreement.
n.	Our right of first refusal to acquire your business	Section 9(e)	In the event of an offer from a third party to purchase your Salon or ownership interests, we have the option, within 30 days after receiving notice, to purchase the transferred interest on the same terms and conditions offered by the third party. We also have a right of first refusal to purchase your or your owner's interest upon death or disability.

	Provision	Section in Franchise Agreement	Summary
o.	Our option to purchase your business	Section 16(f)	If we terminate the Franchise Agreement, or you terminate Franchise Agreement without cause, we have the option to purchase the salon from you, including the leasehold rights to the Site, for fair market value.
p.	Your death or disability	Section 10	Upon death or disability, your (or your owner's) interest must be transferred to someone approved by us within a reasonable time (not to exceed 6 months). Such transfers are subject to the same terms and conditions as *inter vivos* transfers.
q.	Non-competition covenants during the term of the franchise	Section 13(b)	You and your Owners (as well as, upon our request, any member of your Owners' immediate families or households and your executives, officers, or directors) may not, directly or indirectly: (a) own, manage, engage in, be employed by, advise, make loans to, act as a lessor to, support (other than as a customer), or have any other interest in any Competitive Business; (b) interfere with our, our affiliate's, or any other Salon owner's relationships with vendors or suppliers; (c) direct, or attempt to direct, any business or customer of us, our affiliates, or any Salon to any competitor; or (d) do or perform any act injurious or prejudicial to the goodwill associated with the Marks and the System. A "Competitive Business" means (i) any business activity involving an express hair color salon; (ii) any Entity that grants franchises or licenses for any of the businesses described above (i); or (iii) any business in which Confidential Information could be used to the disadvantage of us, our affiliates, or other ColorOnly Express Salons® Franchisees. The non-competition provisions are subject to applicable state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13(c)	Covenants include, among others: You and your Owners (as well as, upon our request, any member of your Owners' immediate families or households and your executives, officers, or directors) are prohibited, for a period of two years following expiration or termination of the Franchise Agreement, from (a) owning, managing, engaging in, being employed by, advising, making loans to, acting as a lessor to, otherwise supporting (other than as a customer), or having any other interest in any Competitive Business that is located within a 10-mile radius of the Salon or within a 10- mile radius of any other Salon in operation or under development on the date of termination or expiration of the Franchise Agreement; (b) interfere with our, our affiliate's, or any other Salon owner's relationships with vendors or suppliers; (c) directing, or attempting to direct, any business or customer of us, our affiliates, or any Salon to any

	Provision	Section in Franchise Agreement	Summary
			competitor; or (d) performing any act injurious or prejudicial to the goodwill associated with the Marks. The non-competition provisions are subject to state law.
s.	Modification of the agreement	Section 18(b)	No modifications generally, but the Manuals, Trademarks and Proprietary Products are subject to change; we may unilaterally reduce the size of your Territory if you fail to meet relocation or development obligations, or to satisfy your Minimum Performance Requirements.
t.	Integration/ merger clause	Section 18(a)	Only the terms of the Franchise Agreement are binding (subject to FTC rule or applicable state law). Any other promises may not be enforceable, provided that nothing in the Franchise Agreement or is intended to disclaim the representations we made in this disclosure document.
u.	Dispute resolution by arbitration or mediation	Section 20	Prior to filing any lawsuit, the first attempt at resolving any dispute between the parties must be attempted pursuant to mediation conducted by one (1) mediator. A request for mediation shall be submitted to JAMS. Mediation shall be conducted in Fort Lauderdale, Florida and completed within forty-five (45) days following the date either party first gives notice of mediation. If the parties fail to fully resolve such dispute through mediation within such forty-five (45) day period, either party may initiate arbitration. Disputes may be submitted to binding arbitration under the rules of the American Arbitration Association. Except for claims relating to the Marks, trade secrets or other confidential information, and claims for injunctive relief, all disputes must be arbitrated in Broward County, FL, unless state law requires otherwise. Claims must be brought on an individual basis, rather than by class action. These provisions are subject to applicable state law.
v.	Choice of forum	Section 20(a), (b), (e) and (f)	Franchisor and Franchisee agree that prior to filing any lawsuit, other than lawsuits described in Section 20(f) of the Franchise agreement below, they will first attempt to resolve any dispute between the parties and/or arising under this Agreement pursuant to mediation conducted by one (1) mediator. Mediation shall be conducted in Broward County, Florida and shall be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation. If the parties fail to fully resolve such dispute through mediation within such forty-five (45) day period, either party may

	Provision	Section in Franchise Agreement	Summary
			initiate arbitration. Arbitration proceedings will be held exclusively in the county of our headquarters (Broward County, Florida). You must bring actions for injunctive relief in the state and federal courts with jurisdiction over Broward County, Florida (subject to applicable state law). We may bring an action for injunctive relief in state or federal courts in Broward County, Florida or any court in the state where you reside or your Salon is located.
w.	Choice of law	Section 20(g)	Subject to applicable state laws, the Federal Arbitration Act, and other federal laws, Florida law applies, without regard to Florida conflict-of-laws rules.

This table lists important provisions of the development agreement. You should read these provisions in the agreements attached to this Disclosure Document.

B. Development Agreement

	Provision	Section in Development Agreement	Summary
a.	Length of the franchise term	Section 5	The term expires upon the deadline to develop the Businesses specified in the Development Schedule or upon the development of all Businesses.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	Not Applicable	Not Applicable
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	Section 6.1	We can terminate only if you default (see (g.) and (h.) below).
g.	"Cause" defined – curable defaults	Not Applicable	Not Applicable
h.	"Cause" defined – non-curable defaults	Section 6.1	You fail to have open and operating, the minimum number of Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule; any Franchise Agreement is terminated a result of default; or you breach or otherwise fail to comply fully with any other provision of the Development Agreement.
i.	Franchisee's obligations on termination/non-renewal	Section 6.2	You will lose the right to continue to develop ColorOnly Businesses in your Development Area.
j.	Assignment of contract by us	Section 7	Fully assignable and transferrable by us.

	Provision	Section in Development Agreement	Summary
k.	"Transfer" by franchisee – definition	Section 7	Includes transfer of the Development Agreement, any interest in the Development Agreement, or, if you are a business entity, any interest in the entity.
l.	Our approval of transfer by franchisee	Section 7	We have the right to approve or not approve all transfers in our sole discretion.
m	Conditions for our approval of transfer	Section 7	We have sole discretion in setting conditions for our approval of a transfer.
n.	Our right of first refusal to acquire franchisee's business	Section 7	We have the first right of refusal on all transfer, exercisable withing 30 days of receiving an executed copy of the contract of transfer.
o.	Our option to purchase your business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Not Applicable	We have the right approve or disapprove any transfer in our sole discretion.
q.	Non-competition covenants during the term	Section 8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement
r.	Non-competition covenants after the Franchise Agreement is terminated or expires	Section 8	The non-competition covenants in your Franchise Agreement shall apply to your Development Agreement.
s.	Modification of the agreement	Section 9	No modifications to the Development Agreement unless you and we agree in writing. We may amend the Manual at any time.
t.	Integration/merger clause	Section 9	Only the terms of the Development Agreement and any Franchise Agreements are binding (subject to state law). Any promises outside the Development Agreement, the Franchise Agreements, and this FDD may not be enforceable. However, nothing in the Franchise Agreement will have the effect of disclaiming any of the representations made in this FDD.
u.	Dispute resolution by arbitration or mediation	Section 8	The dispute resolution provisions of the Franchise Agreement apply to any disputes under the Development Agreement (subject to applicable state law).
v.	Choice of forum	Section 8	The choice of forum provision of the Franchise Agreement applies to the Development Agreement (subject to applicable state law).
w.	Choice of law	Section 8	The choice of law provision of the Franchise Agreement applies to the Development Agreement (subject to applicable state law).

[Remainder of page intentionally left blank. Item 18 begins next page.]

ITEM 18.
PUBLIC FIGURES

"The Nanny" actress, Fran Drescher, is under contract as the brand ambassador and celebrity spokesperson for ColorOnly and its products. Fran Drescher is a shareholder of Dyebar. Ms. Drescher is not a spokesperson for the actual franchise relationship, and she has no management responsibilities with us or our affiliates.

We currently do not use any other public figure to promote our Franchise.

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any financial performance 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 Franchise Sales at 4020 Galt Ocean Drive, Fort Lauderdale, Suite 301 Florida 33308, or by phone at (914) 960-8432, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2020 to 2022

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company Owned	2020	0	1	+1
	2021	1	1	0
	2022	1	1	0
Total Outlets	**2020**	**0**	**1**	**+1**
	2021	**1**	**1**	**0**
	2022	**1**	**1**	**0**

Table No. 2
Transfer from Franchisees to New Owners (Other than the Franchisor)
For Years 2020 to 2022

STATE	YEAR	NUMBER OF TRANSFERS
Total Outlets	2020	0
	2021	0
	2022	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired by Franchisor	Outlet Closed	Outlets Sold to Franchisees	Outlets at End of Year
Florida	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	**2020**	**0**	**1**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**1**

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

State	Franchise Agreements Signed but not Opened	Projected New Franchised Outlets to be Open in the Next Fiscal Year	Projected New Company Owned Outlets to be Opened in the Next Fiscal Year
Florida	0	3	0
Texas	0	2	0
California	0	3	0
Totals	**0**	**8**	**0**

Exhibit G-1 lists the name, business address, and business telephone number of each current franchisee as of December 31, 2022.

The name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of franchisees who had a Salon terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document are listed in Exhibit G-2.

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

We are not offering any existing franchised Salons to franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such Salon, specific information about the Salon will be provided to you in a separate supplement to this disclosure document.

During the last three fiscal years, no current or former franchisees or area developers have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our system.

Franchisee Advisory Council ("FAC")

We have established the FAC for the purpose of advising us on issues related to advertising and marketing, operations, and other matters. The e-mail address of the FAC is franchising@coloronly.com The FAC does not maintain a telephone number, mailing address, or website.

Trademark-Specific Franchisee Organizations

There are no other franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21.
FINANCIAL STATEMENTS

Attached as Exhibit H to this Disclosure Document is our audited closing balance sheet as of December 31, 2022. As we began offering franchises in December 2022, we have not been in business for three years or more and, therefore, cannot include all financial statements required by the FTC's Franchise Rule.

ITEM 22.
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

Contract	Location in FDD
Franchise Agreement and Exhibits	Exhibit B
Nondisclosure and Noncompetition Agreement	Appendix D to Exhibit B
General Release Agreement (Appendix D to Franchise Agreement)	Appendix D to Exhibit B
Area Development Agreement	Exhibit C
Multi-Unit Addendum	Exhibit D
State Specific Addenda	Exhibit F
Franchisee Questionnaire/Compliance Certification	Exhibit I

ITEM 23.
RECEIPTS

The last two pages of this disclosure document should be signed and returned to us acknowledging your receipt of this disclosure document. If these pages or any other pages or exhibits are missing from your copy, please contact us at the following address: HARVARD BUSINESS SERVICES, INC., Attn: Legal Department, 16192 Coastal Highway, Lewes, DE 19958; or by telephone at (302) 645-7400.

EXHIBIT A

FINANCIAL STATEMENTS

COLORONLY EXPRESS SALONS
FRANCHISE COMPANY LLC
BALANCE SHEET
FOR THE YEAR ENDED
DECEMVER 31, 2022

ABID CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT
TAXATION | ASSURANCE | CONSULTING

34 Willis Ave, Mineola, NY 11501
www.abidcpa.com
info@abidcpa.com
Tel: (516) 590-0064 : Fax: (516) 706-0570

To the Members
of Coloronly Express Salons Franchise Company LLC

Opinion

We have audited the balance sheet of Coloronly Express Salons Franchise Company LLC as of December 31, 2022, and the related notes (Financial Statement)

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of of Coloronly Express Salons Franchise Company LLC as of December 31, 2022 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 Statements section of our report. We are required to be independent of Coloronly Express Salons Franchise Company 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.

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 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, including omissions, 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 statements.

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 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 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 [Name of Company] 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about [Name of Company] 's ability to continue as a going concern for a reasonable period of time.

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

Abid CPA P.C.

ABID CPA P.C.
Mineola, NY
April 28, 2023.

COLORONLY EXPRESS SALONS FRANCHISE LLC
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER,31 2022

		2022
Assets:		
Cash and cash equivalents	$	75,000
Receivable from Deybar Express Salons LTD		25,000
Total Assets	$	100,000
Liability and Member's Equity		
Members' Equity		100,000
Total Liability and Members' Equity		100,000
Total liability and shareholder deficiency	$	100,000

Note A - ORGANIZATION

Coloronly Express Salons Franchise Company LLC "(Coloronly Express") is a company organized on August 3, 2022, under the laws of the State of Delaware.

Coloronly Express, a franchisee limited liability company is a fully functional hair salon servicing women with simple hair color needs. Deybar Express LTD and Coloronly SPV LLC were appointed as the initial members of the Coloronly Express,

Note B - SIGNIFICANT ACCOUNTING POLICIES

Operating Account
This account is used to account for financial resources available for general operations.

Basis of accounting
Corlorolny Express maintains its accounting records and prepares its financial statements accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("GAAP") basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles ("GAAP"). The organization generally records revenue when it's earned and expenses when incurred.

Cash and cash equivalents
The Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of estimates
The preparation of financial statements in conformity with the Cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note C - ACCOUNTS RECEIVEABLE

Accounts receivable as of December 31, 2022, consist of receivables from Deybar Express Salons LTD in the amount of $25,000. Amount due from Deybar Express Salons LTD is deemed fully collectible, therefore now allowance for doubtful account has been setup.

Note D- CASH AND CASH EQUIVALENT

Cash and cash equivalent consisted of the following on June 30:

Wells Fargo	
Operating account	$25,000
Total	$25,000

Note D- CASH AND CASH EQUIVALENT (continued)

The Federal Insurance Corporation (FDIC provides insurance coverage up to the standard Maximum Deposit Insurance of $250,000 per depositor, at each separately chartered FDIC Insured Depository Institution. At various times during the year, the Organization balances may have exceeded the applicable insured coverage amount.

Note E - SUBSEQUENT EVENTS

In preparing the financial statements, we have evaluated events and transactions for potential recognition or disclosure through April 28, 2023, the date the financial statements were available to be issued.

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

List of State Regulatory Administrators

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

LIST OF STATE ADMINISTRATORS	
CALIFORNIA Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230
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 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA Indiana Secretary of State Franchise Section 302 Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**MARYLAND** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	**MINNESOTA** Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	**NORTH DAKOTA** North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON Department of Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street, NE Room 410 Salem, Oregon 97310 (503) 378-4387	**RHODE ISLAND** Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON Department of Financial Institutions Securities Division, P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	**WISCONSIN** Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

List of Agents for Service of Process

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

LIST OF STATE AGENT FOR SERVICE OF PROCESS	
CALIFORNIA Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677	**CONNECTICUT** Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230
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** Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA Indiana Secretary of State Franchise Section 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**MARYLAND** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	**MINNESOTA** Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEW YORK New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 472-2492	**NORTH DAKOTA** North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712
OREGON Secretary of State Corporation Division - Process Service 255 Capitol Street NE, Suite 151 Salem, OR 97310-1327 (503) 986-2200	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
SOUTH DAKOTA Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON Director, Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760	**WISCONSIN** Administrator, Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT C

LIST OF CURRENT FRANCHISEES

CURRENT FRANCHISEES

NONE.

FORMER FRANCHISEES

NONE.

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT E

FRANCHISE AGREEMENT
WITH ATTACHMENTS

COLORONLY EXPRESS SALONS FRANCHISE COMPANY, LLC

FRANCHISE AGREEMENT

[FRANCHISEE NAME]

Effective Date: [**EFFECTIVE DATE**]

Name: [**NAME**]

Address of Salon: [**ADDRESS**]

Salon Number: [**SALON NUMBER**]

TABLE OF CONTENTS

Appendices and Schedules

COLORONLY EXPRESS SALONS®

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made and entered into as of the date set forth on Appendix A of this Agreement (the "**Effective Date**") (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) by and between ColorOnly Express Salons Franchising Company, LLC, a Delaware limited liability company whose principal business address is 4020 Galt Ocean Drive, Suite 301, For Lauderdale, Florida 33065 ("**we**," "**us**," "**our**" or "**Franchisor**"), and the person or Entity identified on Appendix A as the franchisee ("**you,**" "**your**" or "**Franchisee**").

1. We and our Affiliates have developed valuable and proprietary business formats and systems (collectively, the "**System**") used in developing and operating express hair color salons that operate under the ColorOnly Express Salons® and ColorOnly™ marks ("Salons").

2. The distinguishing characteristics of the System include, but are not limited to, our Salons designs, layouts, and identification schemes (collectively, the "**Trade Dress**"), our specifications for equipment, inventory, and accessories; our website or series of websites for the promotion of the brand and the Salons (the "**System Website**"); our relationships with vendors; our software and computer programs; our online booking system; our reservation procedures; any color formulas and processes that we have developed or may develop; the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements ("**System Standards**") set out in our operations manuals ("**Manuals**") and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

3. We identify the Salons operating under the System by means of the trade and service marks "ColorOnly Express Salons®" and ColorOnly™" and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos set forth on Appendix B (collectively, the "**Marks**") . We may designate for your use other trade names, service marks, and trademarks as Marks from time to time. These marks will also be included in the term the "Marks."

4. We may have engaged an area representative to provide certain services to you under this Agreement pursuant to an Area Representative Agreement. If an area representative will be providing you with services as of the Effective Date, the area representative will be listed on Appendix A (the "**Area Representative**"). We may, without your consent, appoint an Area Representative or a substitute for the Area Representative at any time.

5. As used in this Agreement, "**Affiliate**" as used with respect to you or us, means any person directly or indirectly owned or controlled by, under common control with, or owning or controlling, you or us (as applicable). For purposes of this definition, "**control**" of a person means ownership or control of a majority of the voting ownership of the person or any combination of voting ownership and/or one or more agreements that together afford control of the management and policies of such person.

6. We franchise others the right to establish and operate one or more Salons within defined territories. You have applied for a franchise to own and operate a single Salon at a location that you select, and we approve, and we wish to grant you such a franchise on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

(a) Rights Granted. On the terms and conditions of this Agreement, we grant to you a franchise to operate one Salon using the System and the Marks (the "**Franchise**") at the site identified in Schedule 1 to Appendix A (the "**Site**"). If the Site has not been determined as of the Effective Date, it will be (i) located within the site selection area set forth on Appendix A (the "**Site Selection Area**"), (ii) determined in accordance with Section 3(a) (Site Selection), and (iii) subsequently listed on a revised Schedule 1 to Appendix A. You hereby accept the Franchise and agree to operate the Salon according to the provisions of this Agreement for the entire Term, as defined in Section 2(a) (Term).

(b) Location. You may not operate the Salon from any location other than the Site without our prior written consent.

(c) Determination of the Territory. Once the Site has been determined in accordance with Section 3(a) (Site Selection), we will designate an area as your protected territory (the "**Territory**") based on the factors that we deem relevant, which might include demographics, the character of the Site, and nearby businesses and residences. You do not have any territorial protection in your Site Selection Area, unless and until we identify your Territory. Once we have defined the Territory, you will have no territorial or other rights in those portions of the Site Selection Area that are outside the Territory.

(d) Territorial Rights. Subject to the exceptions listed in this Section 1(d), our reservation of rights described in Section 1(e) (Reservation of Rights), and your compliance with this Agreement, during the Term, we and our Affiliates will not ourselves operate or authorize others to operate a Salon identified by the Marks the physical premises of which are located within your Territory. However, notwithstanding the foregoing, we may operate and authorize others to operate Salons located in private businesses, governmental institutions, or other limited access facilities within your Territory ("**Limited Access Locations**"), provided that, if such Salon operate under the Marks, access to those Salons shall be limited to owners, employees, members, transient guests, students, or residents of such businesses, institutions, or facilities. Limited Access Locations include (i) hotels, motels, resorts, casinos, or similar operations, (ii) hospitals and other health care facilities, (iii) universities, schools, and education facilities, (iv) military bases, (v) office buildings and business complexes, (vi) condominiums, apartment buildings, and dormitories, (vii) private clubs, and (viii) other similar facilities that are not accessible or made available to the public generally.

(e) Reservation of Rights. We reserve all rights not expressly granted to you in this Agreement, as well as the right to do all things that we do not expressly agree in this Agreement not to do. Without limitation and without regard to proximity to the Salon, we and our Affiliates reserve the right, on such terms and conditions as we deem appropriate, ourselves or through authorized third parties (including our Affiliates), to:

(i) establish or license franchises and/or company-owned salons or businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory;

(ii) develop or become associated with other concepts (including other franchise systems), whether or not using the System and/or the Marks, and/or award franchises under such other concepts for locations anywhere;

(iii) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not) with units located anywhere and, even if such businesses are located in the Territory, (i) convert the other businesses to the ColorOnly Express Salons® brand and Marks and to allow them to operate as part of the System, (ii) permit the other businesses to continue to operate under another name, and/or

(iv) permit the businesses to operate under another name and convert existing Salons to such other name. Such transactions are expressly permitted under this Agreement, and you agree to participate at your expense in any such conversion as may be required by us and to waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of ColorOnly Express Salons® under this Agreement;

(v) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; or

(vi) manufacture, distribute, market, ship, sell and provide products and services, including coaching services, identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Territory through any alternative distribution channels (other than Salons located in the Territory), including through catalogs, mail order, retail stores or kiosks, e-commerce, applications, online videos, recorded media, or broadcast media, regardless of proximity to the Salon without compensation to you.

"Gross Sales" is defined in Section 5(b)(ii) (Definition of Gross Sales). "Year 1" begins on the date on which the Salon first opens for business of any kind under this Agreement, regardless of the date on which the Salon's "grand opening" occurs (the "**Actual Opening Date**") and ends on the day before the first anniversary of the Actual Opening Date. Each subsequent year begins on the anniversary of the Actual Opening Date and ends on the day before the next anniversary of the Actual Opening Date.

(f) Entity. If you are a corporation, limited liability company, partnership, or other form of entity ("**Entity**"), you agree and represent that:

(i) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(ii) your organizational or governing documents will recite that the issuance and transfer of any Ownership Interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing Ownership Interests in you will bear a legend referring to the restrictions of this Agreement. "**Ownership Interest**" means: (a) in relation to a corporation, shares of capital stock or other equity interests in the corporation; (b) in relation to a limited liability company, membership interests or other equity interests in the limited liability company; (c) in relation to a partnership, a general or limited partnership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust;

(iii) Appendix A will completely and accurately describe all of your owners of a legal and/or beneficial interest in the Entity (the "**Owners**") and their interests in you;

(iv) you and your Owners agree to revise the information in Appendix A as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval);

(v) each of your Owners owning, directly or indirectly, at any time during the Term of this Agreement, 15% or more of the legal or beneficial interests in the Entity must sign and deliver to us our standard form of Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. We may require, in our sole discretion, Owners with less than a 15% legal or beneficial interest in the Entity or spouses of Owners to also sign the Owner's Guaranty. A copy of our current form of Owner's Guaranty is attached as Appendix B. All other Owners will be required to sign a nondisclosure and noncompetition agreement in substantially the form attached as Appendix C;

(vi) you will designate a single non-Entity Individual to serve as the "Manager," with the responsibility of supervising the daily operations of the Salon and the power to bind you in their dealings with us. We have the right to approve the Manager, and you will promptly inform us of any proposed changes to the Manager. We may, in our sole discretion permit you to appoint an individual who is not an Owner to serve in the role of Manager; and

(vii) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

2. TERM AND SUCCESSOR FRANCHISE

(a) Term. The initial term of the Franchise (the "**Term**") begins on the Effective Date and expires 10 years from such date, unless sooner terminated.

(b) Your Right to Acquire Successor Franchises. Upon the expiration of the Term, subject to the terms and conditions set forth in Sections 2(c) (Grant of a Successor Franchise) and 2(d) (Agreements / Releases), you will have the right to acquire a successor Franchise to operate the Salon at the Site or such substitute Site, as described in clause (vi) below, for one additional consecutive ten-year term (a "**Successor Franchise**"), if:

(i) you (and each of your Owners) are then in full compliance with this Agreement and all other agreements between you and us or our Affiliates and have been in substantial compliance with this Agreement and all other agreements between you and us or our Affiliates throughout the Term;

(ii) you pay us a Successor Franchise fee equal to 50% of the standard initial franchise fee that we then are charging to new ColorOnly Express Salons® franchisees;

(iii) you (or your Owners) and your lead colorist and the salon manager for your Salon satisfactorily complete such new and refresher programs as we may reasonably require;

(iv) you agree to our redefinition of the Territory, which may be smaller or larger than the original Territory and will apply during the term of the Successor Franchise;

(v) you have completed and sent us the forms and other information we then require and demonstrate to our satisfaction that you meet our then-current financial and operational criteria for new Salon franchisees; and

(vi) you either (a) maintain possession of and agree to remodel the Salon, add or replace improvements, equipment, fixtures, furnishings, and signs, and otherwise modify the Salon as we require to bring it into compliance with the System Standards then applicable for new Salons; or (b) if you are unable to maintain possession of the Site, or if, in our reasonable judgment based on changed market and economic conditions then in effect in your local market, the Salon should be relocated, you: (x) secure a substitute Site we approve; (y) develop the substitute Site in compliance with specifications and standards then applicable for new Salons; and (z) continue to operate the Salon at the original Site as is reasonable until operations are transferred to the substitute Site.

Notwithstanding our right in subparagraph (vi) above to require you to relocate the Salon, we will not require you to relocate the Salon in connection with your acquisition of a Successor Franchise until the then-current term of the lease or sublease for your Salon expires (if this Agreement expires before your then-current lease term expires). However, you must comply with your obligations in subparagraph (vi) above and, if appropriate, commence preparation to relocate the Salon to a new location before the then-current term of your lease or sublease expires in order to minimize as reasonably as practicable the time period during which you do not have a Salon open for business.

(c) Grant of a Successor Franchise. You must give us written notice of your election to acquire a Successor Franchise at least six months prior to the expiration of the Term. We may require you to provide certain financial information relating to you, your Owners, and the Salon's operation, along with your notice. If you fail to give us your notice by the required deadline, we will interpret that to be your election not to acquire a Successor Franchise, and we will take action in reliance on that election. Within 90 days after our receipt of your notice, we will give you written notice: (a) of our determination whether or not we will grant you a Successor Franchise (and, if applicable, stating the reasons for a refusal to grant you a Successor Franchise); (b) advising you of any deficiencies which must be corrected by you before we will grant you a Successor Franchise, stating what actions you must take to correct the deficiencies and specifying the time period in which such deficiencies must be corrected; and/or (c) advising you of any changes which we intend to make to your Salon's Territory during the term of the Successor Franchise, as set forth in Section 2(d) (Agreements / Releases).

(d) Agreements / Releases. To obtain a Successor Franchise, you and your Owners must execute and return to us the form of Franchise Agreement, Owners Guarantee, and ancillary agreements we are then using in connection with the grant of Successor Franchises for Salons, which may differ materially from this Agreement (including the Territory definition, territorial rights and fees); provided, however, that we will not charge you an initial franchise fee, and, unless prohibited by Applicable Laws, the form of Franchise Agreement will be revised to reflect that you will have no further renewal or extension rights. As a further condition to the grant of a Successor Franchise, you and your Owners must also execute and deliver to us, to the extent permitted by applicable law, general releases, in a form prescribed by us, of any and all claims against us and our Affiliates, and our and their respective owners, officers, directors, employees, agents, successors and assigns. Failure by you and your Owners to sign and deliver to us such agreements and releases within 30 days after delivery thereof to you will be deemed an election by you not to obtain a Successor Franchise.

3. YOUR OBLIGATIONS TO DEVELOP THE SALON

You have the following obligations with respect to locating the Site and developing and opening your Salon (collectively, "**Development Obligations**"):

(a) Site Selection.

(i) Site Proposal. If you have not yet located an approved Site as of the Effective Date, then promptly after the Effective Date, you must deliver to us for our review a complete site proposal and other materials and information we request for a suitable site within the Site Selection Area. We will furnish to you site selection guidelines, site selection counseling and assistance, and such on-site evaluation(s) as we consider necessary and appropriate as part of our evaluation of your request for acceptance of the proposed site. Your proposed site (i) must meet our then-current site selection criteria for Salons and (ii) must be available for lease or purchase in time for you to develop and open the Salon at that site on or before eight months from the Effective Date of this Agreement, unless a different Mandatory Opening Date is identified in Appendix A (the "**Mandatory Opening Date**"). You will have the exclusive right to locate a site for a Salon within the Site Selection Area.

(ii) Deadline for Acceptance. Subject to your obligation to develop and open the Salon on or before the Mandatory Opening Date, you must obtain our written acceptance of a proposed site within four months after the Effective Date. We will use our reasonable efforts to review and accept or reject a site you propose within 15 days after receiving the complete site proposal and other materials we request. We will not unreasonably withhold our acceptance of a site that meets our then-current internal criteria, including the site's proximity to both boundaries of the Site Selection Area and to other existing or proposed Salons located outside the Site Selection Area boundaries. If we do not accept the proposed site within such 15-day period, the proposed site is deemed rejected. If we accept the proposed site and you obtain it, we will insert a description of the specific location on Schedule 1 to Appendix A. The address listed on Schedule 1, if completed and signed by us, will be the "**Site**" referred to in this Agreement. A site is not accepted until you have received our acceptance in writing, as indicated by our delivery of the completed and signed Schedule 1.

(iii) On-Site Evaluation. If we determine that on-site evaluation is necessary (on our own initiative or at your request), we will provide such on-site evaluation at our expense, unless we determine that such on-site evaluations (at the same or any other location) are or become excessive, in which case we may require you to reimburse us for all reasonable costs and expenses incurred by us in relation to each such evaluation, including the cost of travel, lodging, and meals for our employees and agents. We will not provide on-site evaluation for any proposed site prior to our receipt of all information and materials required by this Section 3(a). You are limited initially to two site proposals; however, if we do not accept one of those initial proposed sites, you will have the ability at that time to provide an additional site proposal for a different site located within your Site Selection Area.

(iv) Analysis of Site Selection Area. At our option, we may require you to purchase a demographic analysis and/or map for your Site Selection Area. The demographic analysis will contain demographic statistics and other factors determined by us from time to time.

(v) Additional Assistance. At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance which is beyond the nature and scope of the services we are then providing to new ColorOnly Express Salons® Franchisees as part of the Franchise Fee. If we, in our sole discretion, elect to provide such additional services, you and we will agree upon and document the nature and scope of this additional assistance. We may charge you a reasonable fee for such additional services, including *per diem* charges for travel and living expenses for our personnel.

(vi) No Warranty. You acknowledge and agree that our acceptance or proposal of a proposed site is not a warranty or representation, express or implied, as to the potential success or profitability of your Salon. While we may provide assistance and guidance, it is solely your responsibility to select a suitable site for the Salon. Our recommendation or acceptance of a Site indicates only that we believe the Site meets our then-current criteria. We are not responsible if the Site we recommend or accept fails to meet your expectations. Your acceptance of the Site is based on your own independent investigation of, or agreement in the future to investigate, the Site's suitability.

(b) Site Acquisition.

(i) Obtain Approval. You must present to us for our review and approval, which we will not unreasonably withhold, each letter of intent, lease, sublease, or purchase agreement (and any renewals and amendments thereof) that will govern your acquisition, occupancy and/or lawful possession of the Site (collectively, "**Site Agreements**") at least 30 days before you intend to sign it. We may (but have no obligation to) provide you guidance or assistance relating to the Site Agreement and its negotiation. You may not sign any Site Agreement unless it contains the terms that we require in accordance with this Section and until you have received a written "Certificate of Site Agreement Approval" from us. If we have not approved a Site Agreement in writing within 10 Business Days after we receive a complete clean copy of the Site Agreement from you (containing all negotiated terms and in signature-ready form), then it will be deemed disapproved. A "**Business Day**" means any day other than Saturday, Sunday or a legal United States holiday. You must sign and deliver to us a fully-executed copy of the approved Site Agreement for the Site within four months from the Effective Date of this Agreement.

(ii) Lease Requirements. Any LOI, lease or sublease must include the approval by the landlord for you to have a kiosk or table placed outside the Salon for a period of 12 to 16 weeks prior to opening (or such other period as may be prescribed by us in the Manuals) for presales activities, including gift card sales, or, in the alternative, the ability to rent space adjacent to the Site for the purpose of conducting such activities during the 12 to 16-week period prior to opening the Salon.

If the landlord does not agree to these terms, we may reject the proposed Site or allow you to submit to us for review and approval a presales marketing plan which outlines in detail the process you will follow for presales of memberships and sales of gift cards during such 12 to 16-week period. In addition, the lease or sublease must either (i) include our then-current form of lease addendum (our current form is attached as Appendix E), or (ii) provide in the body of the lease or sublease, as applicable, the terms and conditions found in our then-current standard form of lease addendum.

(iii) Purchased Sites. If you or your Affiliate will own the premises for your Salon, you agree to sign an Agreement to Lease, in a form acceptable to us, which requires you or your Affiliate, at our option, to lease the Site to us or our designee upon any expiration or termination of this Agreement at a fair market rent for a minimum of ten years.

(iv) No Warranty. You acknowledge and agree that our guidance and assistance (if we choose to provide it) and approval of any Site Agreement do not constitute a warranty or representation, express or implied, as to the potential success or profitability of your Salon to be operated at the Site or of the suitability of the terms of the Site Agreement for your business purposes.

(c) Development of Salon. It is your responsibility to prepare all required construction plans and specifications for the Salon only in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We may require you to use architects and contractors designated or approved by us. You must send us initial space plans for our approval when you submit your site proposal. Once we approve the initial space plans in writing, you must provide us with complete space plans, architectural drawings, construction plans and specifications for review and receive our written approval of them before you begin construction of the Salon. You must also send us all revised plans and specifications, including any additions or substitutions, for our review and written approval of them as we determine necessary or appropriate, in our sole discretion. You may not begin construction of your Salon without a written certification from us that the final plans and specifications have been approved. Upon completion of construction, you must provide us with "as built" plans for your Salon. We may inspect the Site while you are developing the Salon. Any review of your construction plans and specifications will be limited to ensuring your compliance with our design and other requirements for Salons. We will not assess your compliance with any applicable federal, state or local laws, rules, regulations or ordinances ("**Applicable Laws**") related to the development or construction of your Salon, which is solely your responsibility. Any changes that you make to the space plans, architectural drawings, construction plans or specifications to comply with Applicable Laws must be provided to us for our prior review and written approval (including via e-mail).

(d) Opening. On or before the Mandatory Opening Date, you must open the Salon for business; provided, however, you may not open the Salon for business until you have obtained our written consent to do so. We will not unreasonably withhold our consent for the opening of the Salon, provided you have (i) requested in writing our approval to open the Salon at least 30 days' prior written notice of the Salon's planned opening date and provided us with written notice of when the Salon is ready for inspection, (ii) complied in all material respects with all applicable provisions of this Agreement relating to the development of your Salon, and (iii) have satisfied the following conditions:

(i) You have secured all financing you require to develop and operate the Salon;

(ii) You have purchased or lease and installed all required equipment, including components of the Technology and Computer Hardware Systems (as defined in Section 6(i) (Computer Hardware System)) and fixtures, furnishings, and signs for the Salon according to the requirements in Sections 6(f) (Products, Supplies, Operating Assets, and Services);

(iii) You have purchased an opening inventory of required, authorized, and approved products, materials, and supplies.

(iv) You have completed the Presale/Grand Opening Program as described in Section 3(e).

(v) We have inspected and approved the Salon as having been developed in accordance with our specifications and standards and our approved plans, Trade Dress and specifications. As an alternative, or in addition, to our physical inspection of the Salon, we may require you to send us video tapes and/or photographs of the Salon. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Salon complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with Applicable Laws, including the ADA, as compliance with such laws is your responsibility;

(vi) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Salon, including by ensuring that your planned membership offerings following the Salon's opening and your forms of membership agreement comply with Applicable Laws, and you have delivered to us copies of all business registrations, permits and approvals for your Salon required by Applicable Laws, including the certificate of occupancy;

(vii) All amounts due to us and/or our Affiliates have been paid;

(viii) We have received certificates of coverage evidencing the insurance policies and amounts required by this Agreement and the Manuals; and

(ix) You have signed and delivered to us a completed opening checklist/request for opening, in the form we specify, certifying to us that all of the requirements in numerettes (i) through (ix) above have been satisfied.

(e) Presale/Grand Opening Program. For your first Salon,12 weeks before you open, you must pay us, or an affiliate (as we designate), $30,000 for a presale/grand opening program ("Grand Opening Marketing Program") for your Salon during the period that is at least 8 to 12 weeks before the opening of your Salon (or such other period as we may prescribe in the Manuals). You may spend more than the minimum amount that we require for you. For your first Salon, we require you to participate in the Grand Opening 8-12-Week Marketing Program. For your subsequent Salons, we may require you to use this service at our sole discretion. The Grand Opening Marketing Program covers the cost of pre-opening and grand opening advertising and will consist of a variety of meetings with potential members, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of the Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement.

(f) "Fast Start" 24 Week Marketing Program. For your first Salon, we require you to participate in the "Fast Start" 24 Week Marketing Program. You must pay us, or an affiliate (as we designate), a minimum of $2,000 a week for 24 weeks after the opening of your Salon. You may spend more than the minimum amount that we require for you. For your subsequent Salons, we may require you to use this service at our sole discretion. The Fast Start program covers the cost of local Social Media Advertising for your first 24 weeks after the opening of your Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement.

(g) Initial Inventory. Prior to opening your Salon, you must purchase an initial inventory of ColorOnly™ hair dye colorants, developer, and wet-line products as well as beauty and salon supplies and other consumer products that we determine from time to time to be appropriate for use and for retail sales at the Salon from us, our Affiliates, or our designated vendors. We may specify the type and quantity of items that you must purchase for your pre- opening inventory.

4. TRAINING AND GUIDANCE

(a) Initial Training.

(i) Initial Training Program. We will furnish at our corporate headquarters and/or a designated training facility an initial training program on the operation of a Salon (the "**Initial Training Program**") for all Owners who sign this Agreement (including your Manager, who must be a signatory on this Agreement). If there is room in the training class and all individuals who have signed this Agreement have been trained, we may allow up to two additional people, such as your Salon manager and/or your lead Colorist, to attend training for portions of the Initial Training Program related to Salon management and operations. We will train up to eight trainees at no charge, and we may charge a reasonable fee for each additional trainee, including repeat or replacement trainees.

(ii) Completion of Training. Before you advertise the Salon, or open the Salon to the public: (i) you (or your Manager) must complete our Initial Training Program to our satisfaction.

(b) Employee Training. You must implement a training program for all your employees using training standards and procedures we prescribe and staff the Salon at all times with a sufficient number of trained employees, including at least one Salon manager who has satisfactorily completed our Initial Training Program.

(c) Manuals and System Standards. We will provide you access during the Term to one set of our Manuals, which include our business policies, System Standards, and information relating to your other obligations under this Agreement. The Manuals may be modified from time to time to reflect changes in System Standards, and we will communicate any required changes to you. Our master copy controls. You agree to keep your copy of the Manuals current and in a secure location at the Salon. If we provide you with online access to the Manuals, you will be responsible for periodically monitoring the site for any updates to the Manuals or System Standards and for protecting the confidentiality of any passwords and other digital identifications necessary to access the Manuals on such site. We are the sole owner of the copyright in and all other rights to the Manuals, and you may not reproduce or use them for any purpose other than in connection with your performance under this Agreement.

(d) Supplemental Training and Conferences. We may require you (or your Manager), your Salon's lead colorist, and/or Salon manager to attend (and, in the case of training programs, successfully complete) any conferences or supplemental or refresher training programs that we choose to provide at locations that we designate. We may charge you a reasonable registration fees for each individual that attends or participates in a program or conference. If you own multiple Salons, we may permit, in our sole discretion, you (or your Manager) and a designated manager and lead trainer from one of your Salons to attend such programs on behalf of all of your Salons, provided that you will be responsible for training all of your managers and other employees at all of your Salons on the subjects taught at the programs to ensure that all such Salons are operated in accordance with System Standards.

(e) Online Training. For any training programs that we conduct, we may supplement or replace portions of the in-person training with online training modules.

(f) Travel and Living Expenses. You will be responsible for the compensation, travel and living expenses of you, your Owners and your employees during any and all training, conferences, and programs.

5. FEES

(a) Franchise Fee. You must pay us an initial franchise fee in the amount specified in Appendix A (the "**Franchise Fee**") in a lump sum upon execution of this Agreement. This Franchise Fee is due, and fully earned by us, when you sign this Agreement. The Franchise Fee is not refundable. We charge the Initial

Franchise Fee uniformly to all franchisees. We have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion, on a case-by-case basis, or if we run a franchise marketing promotion. Purchases of additional units are subject to additional franchise fees.

(i) Successor Franchise Fees. Payable when, and if, you renew your Franchise Agreement. There are other conditions to renew. Successor Franchise fees are currently determined by calculating 50% of then-current initial franchise fee for new franchisees.

(b) Royalty Fee.

(i) Amount of Royalty Fee. A royalty fee will be due weekly and will be calculated as follows: the greater of (a) 7% Gross Sales from the previous week; or (b) $250 per week. There will be Royalty holiday for 6 months from the grand opening date where royalties will not be due 6 months from the grand opening date.

(ii) Definition of Gross Sales. "**Gross Sales**" means the total dollar sales from all guests or customers of your Franchised Business, including without limitation (a) the sale and provision of any and all Approved Products and Services; (b) all proceeds from any business interruption insurance related to the non-operation of your Salon(s); (c) all revenue from the sale of any and all goods, products, items, merchandise or services sold under any of the Proprietary Marks or at or through the Barbershop; (d) all revenue generated from the sale and redemption of gift cards and gift certificates at or through your Franchised Business; and (e) all sales of Approved Products and Services on a wholesale basis, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Sales" does not include (i) tips received by stylists and other practitioners at the Franchised Business; or (ii) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto. We will always have the right to address how a System franchisee's use of Groupon® or other similar program in connection with their Franchised Business will impact and/or be accounted for with respect to Gross Sales in our Manuals or otherwise in a writing that we provide to you.

(c) Brand Fund Contribution. We reserve the right to administer and establish a Brand Fund. If established, you will be required to contribute the then-current Brand Fund Contribution in the manner we prescribe. The Brand Fund Contribution shall not exceed 2% of your weekly Gross Revenues Collected, nor shall the sum of the Brand Fund Contribution and the Royalty fee exceed the then-current Royalty fee, as a percentage of weekly Gross Revenues Collected. The Brand Fund Contribution must be paid to us each week in the same manner as you are required to pay your Royalty. We have the right to increase your required spend to up to 3% of your total Gross Revenues Collected. We also reserve the right to modify the Brand Fund Contribution and/or modify the digital marketing and advertising requirements that you must use for your Color Only Business, and to designate and/or change the amount, scope, or manner of payment of the Brand Fund Contribution, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days). Please see Item 11 of this disclosure document for additional information regarding the Brand Fund and your other advertising/marketing obligations.

(d) Technology Fee. Before you commence operation of your Salon, you must license the web-based business management software that we designate ("**Management Software**") (which is currently MindBody™ Online) and other software that we prescribe from us or our designee. We charge an initial non-refundable $575 setup fee and a monthly fee of $699. In addition, beginning with the month that you set up your Management Software account, three month's payment of the Technology fee must be made prior to opening each salon. The Technology Fee currently covers licenses or sublicenses to use the Management Software, and other software that you must use in the operation of your Salon (the "**Required Software**"). We may change the Technology Fee and the products, services, software, licenses, and sublicenses covered by the Technology Fee from time to time in the Manuals or otherwise in writing.

(e) Local Advertising Contributions. All advertising and promotions are conducted by Us or our designated Advertising Agency. Each week, after the Fast Start Marketing Program you must pay to Us or our designated Advertising Agency a minimum payment of $625.00 weekly. We recommend $1,250.00 weekly during the first year of operations. Each quarter, upon written request, our Advertising Agency will give you an accounting of the last quarter's advertising activities from your local advertising payments.

(f) Cooperative Advertising. We may establish an association of franchised and affiliate-owned Salons located in a designated geographic area (a "**Co-op**"). Each Salon in a Co- op is entitled to a single vote, whether operated by a franchisee or us or our affiliates. We and our affiliates currently do not control a majority of votes in any Co-op. There is no minimum or maximum Co-op contribution. We may collect funds on behalf of Co-ops that we manage as determined by the Co-op, if one is formed in your area. Co-op contributions count toward your required local advertising spend.

(g) Transfer/Assignment Fee. You must pay us a transfer fee equal to 50% of our then- current Initial Franchise Fee per Protected Territory that is being transferred to transferee. In the event you transfer multiple Locations at once, we reserve the right, but have no obligation, to reduce the transfer fee for any of the Locations being transferred, and by any amount. If a third- party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Provided certain conditions are met, we will not charge you a transfer fee if you are an individual and transfer ownership to a corporation or limited liability company that you control

(h) Audit Expenses. If you understate any payment owed to us by more than 2%, you must reimburse us for our actual costs incurred in conducting the audit, including attorneys' fees, accountants' fees, travel expenses and compensation of our employees. These fees will not exceed our actual costs.

(i) Refresher Training Fees. We periodically may require you (or your Manager) and/or, at our option, the Salons manager to attend and complete to our satisfaction any supplemental or refresher training programs we choose to provide. This fee is currently, $250 per day per person trained.

(j) Conference Attendance Fee. We may schedule and hold an Annual Conference as we deem advisable in our sole discretion. We may require that you and, if appropriate your Designated Manager and other management personnel attend such conference. Our then-current registration fee to attend any Annual Conference we designate is currently $500 per person. You will be responsible for the costs and expenses you incur in connection with any Annual Conference (lodging, travel, meals, etc.).

(k) On-Site Evaluation Fees. Payable only if we determine that on-site evaluations are or become excessive. In that case, we may require you to reimburse us for our costs and expenses in relation to each evaluation, including the cost of travel, meals and lodging for our personnel.

(l) Insurance Premiums. Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. This fee will consist of the amount of unpaid premiums, plus a reasonable administrative fee.

(m) Products/Supplier Approval Costs. We may require you to pay us or an independent laboratory for the cost of inspection or testing if you desire to purchase or lease items to be used in the Salon from sources we have not previously approved. This fee consists of the reasonable cost of inspection or testing plus actual cost of laboratory fees, professional fees and travel and living expenses of our personnel.

(n) Management Fee. If you are in default of the Franchise Agreement, fail to maintain the Salon in accordance with our standards, or fail to have a trained manager on staff, we may send in our personnel to manage the Salon until the default is cured or you are able to meet our standards. If we manage your Facility, after a death or disability, the fee shall be 3% of Gross Sales plus our actual costs and expenses. The management fee will consist of a fee that we specify up to 15% of Gross Sales plus our actual costs and expenses.

(o) Non-Compliance Fee. If we determine that you have violated any of your obligations under this Agreement, including any failure to comply with any standards set forth in the Manuals, we may send you a notice of violation and assess you up to $1,000 (the "**Non- Compliance Fee**"), which must be paid within 10 days from your receipt of our notice. The Non- Compliance Fee applies for each notice of violation that we send to you, even if the violation is of the same provision of this Agreement for which you previously received a notice of violation from us. We reserve all other rights and remedies available to us.

(p) Payments of Fees. All fees are due to us at the times and in the manner that we specify from time to time in the Manuals or otherwise. Currently, (i) the Royalty for the immediately preceding week shall be paid to us on each Friday, (ii) the Brand Fund Contribution for the immediately preceding month shall be paid to us by the 15th day of each month, and (iii) the Technology Fee shall be paid to us by the 20th day of each month. All other fees and payments due to us must be paid to us within ten days of your receipt of an invoice from us or as otherwise specified in the Manuals.

(q) Automatic Debit. You must sign and deliver to us the documents we periodically require to authorize us to debit your checking account automatically for the Royalty, Brand Fund Contributions, and other amounts due under this Agreement or any related agreement between us (or our Affiliates) and you at the dates specified in the Manuals or under such agreement. You agree to make the funds available for withdrawal by electronic transfer before each due date. If you fail to report the Salon's Gross Sales, we may debit your account for 150% of the last Royalty fee and Brand Fund Contribution that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the Salons's actual Gross Sales), we will debit your account for the balance, plus the amounts due under Sections 5(o) (Non-compliance Fee) and 5(r) (Interest on Delinquent Payments; Late Fees), on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess (without interest) against the amounts we otherwise would debit from your account during the following week. We may periodically change the mechanism for your payments of Royalties, Brand Fund Contributions and other amounts you owe to us and our Affiliates under this Agreement (including the timing and manner of payment).

(r) Interest on Delinquent Payments; Late Fees. If you fail to pay (or make available for withdrawal from your account) any amounts you owe us or our Affiliates, including amounts for Royalties and/or Brand Fund Contributions, whether such amounts are reflected as due on any report you submit to us or are subsequently determined by verification, examination or audit to have been due, you must pay the lesser of 1.5% per month or the highest rate permitted by law, plus $100 per week or portion of a week that the payment or report is overdue. Interest begins from the date of non-payment or underpayment.

(s) Application of Payments; Right to Offset. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. We may set off from any amounts that we may owe you any amount that you owe to us or our Affiliates, including, without limitation, Royalties, Brand Fund Contributions, late payment penalties and late payment interest, amounts owed to us or our Affiliates for the purchase of goods or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our Affiliates from time to time. In particular, we may retain (or direct to our Affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us or our Affiliates at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

6. OPERATION OF THE SALON AND SYSTEM STANDARDS

(a) Compliance with System Standards and Applicable Laws.

(i) Responsibility. You alone are responsible for operating the Salon in full compliance with all Applicable Laws, System Standards, and Privacy Requirements (as defined in Section 6(a)(iv) (Privacy Requirements)), as each may be modified from time to time.

(ii) System Standards. Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of Salons, including any one or more of the following:

A. the design, layout, décor, appearance and lighting of the Salon, including the Salon's branding and cleanliness;

B. periodic maintenance, cleaning and sanitation; periodic remodeling; and replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs;

C. types, models and brands and/or minimum and required standards and specifications for products, equipment, materials, and supplies and services that Salons use and/or sell;

D. designated, preferred and/or approved suppliers (which may include us and/or our Affiliates) of fixtures, furnishings, equipment, signs, software, products, materials and supplies;

E. terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, affiliated suppliers or others;

F. matters relating to managing the Salon;

G. dress, appearance and uniforms for the employees of Salons, and brand standards for providing competent and courteous service to all of the clients of Salons (although you have the sole responsibility and authority for the terms and conditions of employment of your employees);

H. evaluation and customer relations programs used to evaluate the quality of the experience that clients have at Salons;

I. use and display of the Marks, usage of the Salon and required internal and external signage and postings;

J. days and hours of operation of the Salon;

K. sales, marketing, advertising and promotional programs and materials and media used in such programs;

L. participating in market research, product testing and service development programs;

M. acceptance of credit cards, gift certificates, coupons, other payment systems and check verification services;

N. a global reciprocity program for members of Salons, including all standards, procedures and requirements for such program;

O. types, amounts, terms and conditions of insurance coverage required to be carried for the Salon and standards for underwriters of policies providing required insurance coverage; and

P. information and other forms and procedures which you must use to submit any proposed Transfer to us under Section 9 (Transfer) for our approval.

(iii) Employment Matters. To the extent System Standards, or other resources in the Manuals, address personnel or employment matters, those are not mandatory but are merely recommendations, suggestions or guidelines. System Standards do not include any mandatory requirements on your employee's wages, working conditions, hours, staffing levels, shift timing or other terms of employment, but may specify uniforms and appearance to meet brand standards. While we or your Area Representative may provide additional employment-related guidance, you are responsible for making all hiring and employment decisions as the owner of the Salon. This includes, but is not limited to, employee selection, hiring, training, promotion, termination, hours worked, rates of pay, benefits, work assigned, supervision, discipline, and working conditions.

(iv) Privacy Requirements. To the extent applicable, you must abide by: (i) the Payment Card Industry Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate Credit Transactions Act; (iii) all other standards, laws, rules, regulations or any equivalent thereof that related to electronic payments, data privacy, personally identifiable information, protected health information, and data protection; and (iv) any privacy policies or data protection and breach response policies we periodically may establish (collectively, "**Privacy Requirements**"). We may require you to (a) use vendors that we designate or approve to provide security services that are consistent with the Privacy Requirements; (b) maintain specific security measures; (c) provide evidence of compliance with Privacy Requirements upon our request; and/or (d) use vendors that we approve or designate to conduct periodic security audits to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected and provide us with copies of any audits, scanning results, or related documentation relating to such compliance or audits. If you suspect or know of a security breach, you must immediately give us notice of such security breach and promptly identify and remediate the source of any compromise or security breach at your expense. You assume, at your expense, all responsibility for complying with applicable data breach notification laws, providing all notices of breach or compromise, and monitoring credit histories and transactions for all impacted individuals.

(b) Modification of System Standards. We may periodically modify the System Standards, provided that such modifications will not alter your fundamental rights under this Agreement. You must comply with all modifications to the System Standards within the reasonable time periods we specify. You acknowledge that any modifications to the System Standards may obligate you to invest additional capital in the Salon and/or to incur higher operating costs and that there is no limit on the cost or frequency of such modifications. Modifications may include (at our discretion) those needed to modernize the premises of the Salon, and other changes to the Operating Assets (including the Computer Hardware System), signs, interior and exterior décor items, fixtures, furnishings, supplies, and other products and materials required for new Salons.

(c) Product and Service Offerings.

(i) Products and Services You May Offer. You may offer in the Salon to customers only the products and services that we have approved in writing. In addition, you must offer the specific products, services, and classes that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all products, services, or classes that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

(ii) Core Business Operations. You must offer or perform (as applicable) in the Salon all Core

Business Operations, as we periodically modify them. "**Core Business Operations**" means all mandatory business activities of or associated with the Salon, including the Salon's front desk and membership operations, and other services we designate from time to time. You and your employees must perform all Core Business Operations at the Salon, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other independent contractor (a "**Contractor**"), to perform any Core Business Operations.

(iii) Ancillary Business Operations. You may offer or perform (as applicable) in the Salon any Ancillary Business Operations (if any) that we specify or approve in our sole discretion. "**Ancillary Business Operations**" means business activities other than Core Business Operations, such as enhanced color services: highlights, balayage, lowlights, ombre, etc. which (i) we may periodically specify as being ancillary and optional to the main business of the Salon or (ii) which we, in our sole discretion, otherwise approve in writing. We may specify in the Manuals and periodically modify those business activities that will be approved as Ancillary Business Operations. If we withdraw our approval for any Ancillary Business Operations, you must promptly cease offering such Ancillary Business Operations. At your option, but subject to our prior written approval and your compliance with all terms and conditions of this Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm's-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks (an "**Other Mark**") that you own or license from a third party (an "**Ancillary Trademark Licensor**"). You acknowledge that, as a condition to obtaining our approval:

A. you must first submit to us all agreements and other documents evidencing the relationship between you and each Contractor or Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

B. you and each Contractor or Ancillary Trademark Licensor must sign any agreements and documents that we periodically specify to protect our rights in the System, Confidential Information and Marks;

C. if a Contractor performs the Ancillary Business Operations, you and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

D. if a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must (i) not use or display the Marks in any manner, (ii) be clearly distinguishable from the remainder of the Salon in the manner we periodically specify, and (iii) be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Salon.

(iv) Branded Products. Prior to opening and during the Term, you must purchase Branded Products and prominently display them and offer them for sale at your Salon and in the manner we designate from time to time. You agree to buy Branded Products (subject to Section 6(f) (Products, Supplies, Operating Assets, and Services)) only from suppliers that we designate or approve (which may include or even be limited to us, our Affiliates, or our or their licensees). You must reorder and stock such Branded Products as may be necessary to meet reasonably expected consumer demand at the Salon throughout the Term. Neither you nor we will have any obligation to the other on account of the temporary unavailability of any Branded Products, whether from us, Affiliates, or authorized licensees.

(v) Distribution. You may not make any sales of products or services outside of the Salon, or use vendor relationships that you establish through your association with us or the ColorOnly Express Salons® brand for any other purpose besides the operation of the Salon, unless we consent in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other ColorOnly Express Salons® franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing.

(vi) Pricing. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. Otherwise, you are solely responsible for determining the prices that you will charge Members and customers. You must provide us with your current price list upon our request. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with any advertising policies we adopt from time to time which prohibit you from advertising a price for such product or service that is different from our suggested retail price.

(vii) Reporting Operations. You must periodically at our request provide us information concerning your Salon's Core Business Operations, Ancillary Business Operations, and relationships with Contractors.

(d) Membership Agreements and Member Information.

(i) Membership Agreements. You must ensure that every membership agreement you use complies with all System Standards and all Applicable Laws, including laws pertaining to bonding and escrow requirements. You must send us (a) copies of all membership agreements you intend to use at least 30 days before you begin offering memberships; and (b) copies of any revised membership agreements within 10 days after you make any revisions. We may review and approve or disapprove such agreements, provided that our review will be limited to verifying compliance with our System Standards and not evaluating compliance with Applicable Laws (which remain solely your responsibility). You must not use (and must discontinue use of) any membership agreements that we do not approve.

(ii) Member Information. We and you acknowledge that we and our Affiliates have the right, through the Technology System or otherwise, to independent and unrestricted access to lists of the Salon's members and customers, including names, addresses and other related information ("**Member Information**"). We and our Affiliates may use Member Information in our and their business activities, but during the Term we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the Computer Hardware System to compete directly with the Salon. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

(e) Notices.

(i) Notices to Public. You will prominently display in the Salon all statements that we prescribe from time to time identifying you as the independent owner of the Salon and our authorized franchisee. All membership agreements, checks, invoices, stationery and advertising materials which you use in operating your Salon will also have a statement in the form we periodically prescribe identifying you as the independent owner of the Salon and indicating that you are our authorized franchisee.

(ii) Notices to Employees. You must prominently post signs at the Salon (including in the area in which all official employment-related notices are posted) and at your offices informing your employees and independent contractors that their relationship is solely with you and that they are not an employee of us or any of our Affiliates. You are solely liable for any employment-related issues. Similar language must be included in all of your employment contracts, offer letters and employee handbooks. We may promulgate and periodically modify the language and specifications for such required postings and notices.

(f) Products, Supplies, Operating Assets, and Services.

(i) Purchases. We have the right to require that all fixtures, furnishings, signs, and equipment (the "**Operating Assets**"), products, supplies, and services that you purchase for resale or purchase or lease for use in your Salon: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our Affiliates or a buying cooperative organized by us or our Affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals.

(ii) Revenue from Purchases. You acknowledge and agree that we and/or our Affiliates may derive revenue or other benefits based on your purchases and leases, including from charging you for products and services we or our Affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our Affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our Affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Sales.

(iii) Approval Process. If you would like to offer products and services, or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Salon may differ from those that we permit or require to be offered in other Salons.

(iv) Revocation of Approval. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly-approved item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

(g) Audio and Visual Entertainment. You acknowledge and agree that the provision of audio and visual entertainment to members of your Salon is or may become an integral part of the System. Accordingly, you agree to play only the types of music and display only the types of visual entertainment, at the decibel levels and using such components of the Computer Hardware System and in the manners that we may periodically prescribe or approve. You must, at your expense, acquire or install any audio or visual equipment as part of the Computer Hardware System that we designate or require for use by your Salon and subscribe to music and video services as we may periodically specify to enable you to broadcast videos, music, and other content as specified by us from time to time. We may require you to pay us or a third party licensing fees for any music, video, or other content displayed or played in your Salon. We may prohibit you from displaying, exhibiting, broadcasting or providing any media we choose, regardless of content, including prohibiting use of political, religious or social content in such media.

(h) Customer Surveys. We may periodically coordinate or conduct market research studies and similar programs for the Salon network, and you must assist us in collecting information (including by distributing surveys to your Salons' members and clients and encouraging clients to complete surveys on the System Website (defined in Section 7(g) (Digital Marketing)).

(i) Computer Hardware System.

(i) Acquisition and Updates. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify periodically in the Manuals, including the hardware, software, other equipment, and network connections necessary to operate our point of sale system, the membership management system, the accounting system, the EMMA™ System, the training system, the online reservation system, the audio-visual system, and other Computer Hardware Systems that we designate (collectively, the "**Computer Hardware System**"). You must replace, upgrade, or update at your expense the Computer Hardware System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Computer Hardware System requirements. We may require you to obtain certain components of, or upgrades to, the Computer Hardware System and maintenance and support services related to the Computer Hardware System from us or our Affiliates, and we may charge you the Technology Fee, , or other reasonable fees for such products and services. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

(ii) Software.

A. Software License. We hereby grant to you a limited, non-exclusive, non-transferable license (except in connection with a Transfer approved by us) to use any and all software which we may now or hereafter make available to you and which is owned by or licensed to us (the "**Software'**), solely in connection with the Salon. We may charge the Technology Fee or other reasonable fees for your use of such Software and/or for access to any intranet that we establish or maintain for Salons. You hereby acknowledge and agree that, as between us and you, we are the sole and exclusive owner of all right, title and interest in and to the Software, including any copyright, patent right and other intellectual property or proprietary right therein or thereto, and you will not make any claim to the contrary. All rights to the Software except those that are expressly granted to you hereunder are specifically reserved to us and our licensors, if any. You shall not copy, modify, create derivative works or otherwise use the Software for any purpose other than in connection with the operation of your Salon. Upon expiration or termination of this Agreement for whatever reason, all rights and licenses granted hereunder with respect to the Software will terminate, and you will return the Software and any and all copies thereof to us, at your expense, and certify to us that all such copies have been returned.

B. Limited Warranty. If the Software fails to perform substantially in accordance with any applicable specifications provided by us at any time during the term of this Agreement, you must so notify us and we will, as our sole obligation and your sole remedy hereunder, use commercially reasonable efforts to repair or replace the same. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, WE MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE SOFTWARE, INCLUDING ANY IMPLIED WARRANTY AS TO TITLE, NON- INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE, AND WE HEREBY DISCLAIM THE SAME. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, WE MAKE NO WARRANTY THAT THE SOFTWARE WILL OPERATE UNINTERRUPTED OR ERROR FREE. In no event will we be liable for any incidental, consequential, punitive or special damages related to the Software or the Computer Hardware System.

(iii) Use of the Computer Hardware System. You must use the Computer Hardware System to (a) enter and track purchase orders and receipts, attendance, and Member Information, (b) update inventory, (c) generate sales reports and analysis relating to the Salon, and (d) provide other services relating to the operation of the Salon. You agree: (i) that your Computer Hardware System will be dedicated for business uses relating to the operation of the Salon; (ii) to use the Computer Hardware System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manuals; (iv)to do all things necessary to give us unrestricted access to the Computer Hardware System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (v) to maintain the Computer Hardware System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Computer Hardware System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Computer Hardware System. You also must comply with all data privacy and data protection laws and payment card provider standards relating to the security of the Computer Hardware System, including the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Computer Hardware System (or any of its components) fails to operate on a continuous basis or as we or you expect.

(j) Management and Personnel.

(i) Salon Manager. The Salon must be managed by a person (the "**Salon manager**") (i) who devotes his or her full working time and best efforts to the day-to-day, on-premises operation of the Salon, (ii) has satisfactorily completed our management training program or a comparable training program at your Salon that we have approved, and (iii) is not engaged in any other business endeavor except passive investments which do not interfere with the performance of his or her duties as manager. You must ensure that your managers agree to comply with the restrictions in Sections 12 (Confidential Information), 13 (Non-Compete), and 15 (Effect of Termination or Expiration of this Agreement), except that your managers shall not be required to agree to comply with Section 13(c)(i) (post-term non-compete). If you for any reason no longer employ a Salon manager, you must (a) notify us within 24 hours of the change in circumstances, (b) arrange for an individual who has been properly trained to temporarily manage the Salon or, in our sole discretion, allow us, on a temporary basis, to assume the management of the Salon ourselves or appoint a third party (who may be our Affiliate) to manage the Salon in accordance with the terms of Section 15(c)(ii)(H) (Remedies After An Event of Default), and (c) make every effort to replace this position at the earliest possible time with a person who meets all of the conditions specified in this Section.

(ii) Personnel. You are solely responsible for hiring, training and supervising Salon personnel and must hire sufficient personnel to fully staff the Salon to operate in accordance with System Standards. All personnel must meet every requirement imposed by Applicable Laws and must comply with all brand standards. All persons you employ that have access to any of the Confidential Information must sign a confidentiality agreement, which will not otherwise contain any terms or conditions of employment. All person that you employ must sign an acknowledgement, in a form that we specify, acknowledging that you are their employer and that we do not have any relationship with them.

(k) Refurbishing and Renovations. You agree to take, without limitation, the following actions during the Term at your expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Salon at intervals that we may periodically designate and at our direction; (ii) interior and exterior repair of the Salon as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may periodically specify (or, if we do not specify an interval for replacing any item, as that item needs to be repaired or replaced). Upon our written request, you must refurbish the Salon at your expense to conform the decor, Trade Dress, color schemes, signage, and presentation of the Marks to our then-current image. We will not make this request more frequently than every five years. Such refurbishing may include, as we deem necessary, remodeling, redecoration, and other modifications to existing improvements and updating or replacing any Operating Assets. You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Salon, and/or in your spending substantial amounts for new Operating Assets, and you agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term).

(l) Taxes. You and your Owners are solely responsible for all taxes, assessments, and government charges levied or assessed, however denominated or levied upon you or the Salon, in connection with the business you will conduct under this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us).

7. ADVERTISING, PROMOTION, AND MARKETING

(a) Establishment of Brand Fund. Upon the opening of your Salon, you will participate in a ColorOnly Express Salons® advertising fund that we designate (the "**Brand Fund**") for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate, in our sole discretion. We will contribute any Brand Fund Contributions that we collect from you to the Brand Fund. We reserve the right to defer or reduce contributions of any or all Salon franchisees and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the Brand Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination will, at our option, be spent in accordance with this Section until such amounts are exhausted or be distributed to our franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12 calendar months.

(b) Use of the Funds. We or our Affiliates direct all programs funded or sponsored by the Brand Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Brand Fund may be used to pay the costs of preparing, producing and distributing advertising materials in any form or format; administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; developing marketing and advertising training programs and materials; conducting market research and secret shopper programs; creating, maintaining, and optimizing the System Website, other websites, and applications; implementing keyword or adword purchasing programs; conducting and managing social media activities; supporting public relations and other advertising, promotion and marketing activities; and reimbursing administrative costs as described in paragraph (c) below. The Brand Fund may, from time to time, furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

(c) Accounting for the Fund. The Brand Fund will be accounted for separately from our or our Affiliates' other funds and will not be used to defray any of our or our Affiliates' general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we or they may incur in activities related to the administration of the Brand Fund and its programs, including conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Fund. We or our Affiliates may spend, on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Salons to the Brand Fund in that year. The Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. If we or our Affiliates lend money to the Brand Fund, we or they may charge interest at an annual rate 1% greater than the rates we or they pay our or their lenders. We will prepare an annual statement of monies collected and costs incurred by the Brand Fund and, after its preparation, furnish the statement for the most recently completed fiscal year to you upon your written request. We have the right to cause the Brand Fund to be incorporated or operated through a separate Entity at such time as we deem appropriate, and such successor Entity will have all of the rights and duties specified in this Agreement.

(d) Brand Fund Limitations. You acknowledge that the Brand Fund is intended to promote recognition of the Marks and patronage of Salon generally. Although we or our Affiliates will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Salons, we and our Affiliates undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Salons operating in that geographic area or that any Salon will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising and marketing materials or the placement of advertising. We and our Affiliates assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Brand Fund in accordance with this Agreement.

(e) Local Advertising. All advertising and promotion are conducted by Us or our designated Advertising Agency. Each week, after the Fast Start Marketing Program you must pay to us or our designated Advertising Agency a minimum payment of $625.00 weekly) We recommend $1,250.00 weekly during the first year of operations. Each quarter, upon written request, our Advertising Agency will give you an accounting of the last quarter's advertising activities from your local advertising payments.

> (i) For your first Salon, we require you to participate in the "Fast Start" 24 Week Marketing Program. You must pay us, or an affiliate (as we designate), a minimum of $2,000 a week for 24 weeks after the opening of your Salon. You may spend more than the minimum amount that we require for you. For your subsequent Salons, we may require you to use this service at our sole discretion. The Fast Start program covers the cost of local Social Media Advertising for your first 24 weeks after the opening of your Salon. The amounts that you spend on pre-opening and grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement
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> (ii) Your Advertising Requirements. You must participate in such local, regional, or national advertising, promotional, sweepstakes/giveaway, and community outreach programs that we may specify from time to time, at your own expense. You must use your best efforts to promote the use of the Marks in your Territory. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Salon is completely clear, factual and not misleading, complies with all Applicable Laws, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify in the Manuals or otherwise. You must use only digital and media agencies that we approve. You must not use market, advertise, or use the Marks or marketing materials outside of your Territory

(whether through social media or other marketing methods or media outlets), unless we agree otherwise in writing. There are no territorial restrictions from accepting business from retail customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing.

(iii) Approval of Advertising Materials. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Salons completely clear, factual and not misleading, complies with all applicable laws, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify in the Manuals or otherwise. You must obtain our written approval of all advertising and promotional plans, materials, and marketing assets before their use. You will submit all unapproved plans, materials, and assets to us. If you do not receive written approval within 30 days of our receipt of such items, we will be deemed to have disapproved the items. You will not use any plans, materials, or marketing assets that we have not developed or approved, and will promptly discontinue use of any advertising or promotional plans, materials, or marketing assets, whether or not previously approved, upon notice from us. We will have the final decision on all creative development of advertising and promotional messages.

(iv) Minimum Advertising Requirement. You must spend in each month of the Term at least the greater of (a) 2% of the Salon's Gross Sales from the prior month or (b) $2,500 on advertising, promotions and public relations within the Territory. Such expenditures will be made directly by you, subject to our prior approval and direction, using advertising and marketing materials prepared or pre-approved by us. Your local advertising and promotion must follow our guidelines. You must submit to us monthly marketing and advertising expenditure reports accurately reflecting all local advertising expenditures for the preceding month and year-to-date by the marketing categories that we specify. If any report or inspection reveals that you failed to make the local advertising expenditures required by this Section, we may require that you contribute the amount of any deficiency to the Brand Fund within 10 days of your receipt of our invoice. Your failure to comply with the local advertising requirement will be deemed a material breach of this Agreement.

(v) Marketing and Adertising Spending Reporting. You must submit to us monthly marketing and advertising expenditure reports accurately reflecting all local advertising expenditures.

(f) Co-op Participation and Contributions. If a Co-op is established in a geographic area in which your Salon is located, we will require you to join and actively participate in it. We will determine the area and membership of the Co-op by media coverage or other criteria that we (or our Area Representative) establish, in our sole discretion. We will determine whether a Co-op should be formed, changed, dissolved or merged for your market. You must contribute to the Co- op such amounts as are determined from time to time by a vote of the members of the Co-op. Each Salon in a Co-op is entitled to a single vote, whether operated by a franchisee or us or our affiliates. We and our affiliates currently do not control a majority of votes in any Co-op. There is no minimum or maximum Co-op contribution. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op (dollar for dollar), up to the amount of your local advertising requirement. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you. The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. We reserve the right to require that the Co-op prepare annual financial statements. We also reserve the right to audit any accounts or funds collected by the Co-op. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the Co-op and its members.

(g) Digital Marketing.

(i) Restriction on Digital Marketing. Unless we consent otherwise in writing, you, your employees, and any third-party representatives or digital marketing agencies may not, directly or indirectly, conduct or be involved in any websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that use the Marks or that relate to the Salon or the network. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

(ii) System Website. Currently, we and our affiliates maintain an Internet website at the uniform resource locator www.ColorOnly.com that provides information about the System and Salons (the "**Website**"). The Website currently includes a series of interior pages that identify Salons by address and telephone number. We may (but are not required to) include at the Website an interior page containing additional information about your Salon. You must give us any information and materials that we request from time to time to develop, update and modify such webpage, but we shall have final approval rights over any content. We may discontinue or modify the Website at our sole discretion.

(iii) Salon Page. If we establish one or more System Websites, we will provide you with a webpage that references the Salon (a "**Salon Page**") on one or more of the System Websites that we designate. You must give us the information and materials that we request from time to time to develop, update and modify such Salon Page, but we shall have final approval rights over any content. By providing the information and materials to us, you will be representing to us that they are accurate and not misleading and do not infringe upon any third party's rights.

(iv) Mobile Applications. At our option, we or one or more of our designees may establish and maintain one or more mobile applications for members, clients and/or prospective members to use ("**Mobile Apps**"). We may require you to promote the use of the Mobile Apps in your Salon or to provide content to be included in the Mobile App. We may add, discontinue, or modify any Mobile Apps from time to time in our sole discretion.

(v) Social Media Sites. We also may maintain one or more social media accounts (such as Facebook, Twitter, Instagram, Pinterest, or such other social media sites). You may not establish or maintain any social media accounts utilizing any usernames, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific usernames/handles that you must maintain. You will adhere to any social media policies that we establish from time to time and will require all of your employees to do so as well. You must ensure that none of your Owners, managers or employees use our Marks on the Internet or any electronic communications network, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Manual and System Standards, including our then-current take-down policy.

(vi) Ownership. We will own all intellectual property and other rights in the System Website, the Salon Page, the Mobile Apps, any social media pages or accounts related to the Salons, any related domain names or usernames, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply), which shall all be part of the Intellectual Property. You acknowledge and understand that the registration for any domain names or social media accounts shall be maintained exclusively in our name or the name of our designee.

(vii) No Warranty. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR

STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SALON PAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR THE SALON PAGE.

(viii) Advisory Counsel. We reserve the right to form an Advisory Council for the purpose of exchanging ideas and problem-solving methods, advising us on expenditures for System-wide advertising, and coordinating franchisee efforts (an "Advisory Council"). In the event established and you are elected and accept, you must participate actively in the Advisory Council and participate in all Advisory Council meetings as we require. We reserve the right to prepare and amend the governing documents for the Advisory Council from time to time as we deem necessary, and we will determine the topic areas to be considered by the Advisory Council. The Advisory Council shall act in an advisory capacity only, and we shall have the right to form, change, or dissolve an Advisory Council at any time, as we deem necessary in our sole discretion.

8. EVALUATIONS, AUDITS AND REPORTS

(a) Evaluations. We and our designated representatives have the right before you open the Salon for business and thereafter from time to time during your regular business hours, and without prior notice to you, to (i) inspect and evaluate the Salon, (ii) observe, videotape, photograph, or otherwise record operations, (iii) interview employees, members, vendors, and landlords, and (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Salon, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Salon. You will cooperate with us in these activities. We will give you a written summary of our evaluation within 20 Business Days after the completion of our audit and/or inspection of the Salon. You will promptly correct at your own expense all deficiencies (i.e., failures to comply with System Standards) noted by our evaluators within the time period we specify following your receipt of our notice of such deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all System Standards. We may charge you an evaluation fee to compensate us for our costs and expenses, including travel and living expenses, related to any such follow-up evaluation or any evaluation that you request.

(b) Our Right to Audit. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your ColorOnly Business. We and our designees retain the right to inspect and/or audit your business records at any time during normal business hours, without notice, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement and Operations Manual. In the event any such audit discloses an understatement of amounts reported or paid to us, you agree to pay to us the amount due, plus interest (at the rate and on the terms provided for herein) from the date originally due until the date of payment. Furthermore, you must reimburse us for our costs and expenses associated with conducting the audit in the event: (i) such audit is made necessary by your failure to timely furnish reports, supporting records, other information or financial statements required under the Franchise Agreement; or (ii) if that audit reveals an understatement of greater than 2%. These costs and expenses include, without limitation, our legal and accounting fees, travel, lodging and meal expenses and applicable per diem charges for our employees. The foregoing remedies are in addition to our other remedies and rights under the Franchise Agreement and/or applicable law. In the event any audit reveals that your information has been inaccurately reported, we reserve the right to audit other entities owned, controlled by, or affiliated with you.

(c) Records, Reports, and Financial Statements.

(i) Books and Records. You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting principles) that we prescribe from time to time in the Manuals and otherwise in writing. You must use the Computer Hardware System to collect and provide us access to that data and other information in the manner we specify. You must preserve and maintain all records, in the manner we periodically specify, in a secure location at the Salon for at least five years after the end of the fiscal year to which such records relate.

(ii) Reporting. You must provide us with the following reports, in the manner and format that we prescribe from time to time:

(A) on or before the tenth (10^{th}) day of each month, a report describing the Salon-related purchases during the previous month in the categories for which we have designated, approved or recommended suppliers and other monthly operating reports that we reasonably specify from time to time, including reports relating to Member Information;

(B) on each Monday, a report on the Salon's Gross Sales during the previous calendar week;

(C) within 90 days after the end of each fiscal year, a profit and loss and source and use of funds statement(s) for the Salon for the recently completed fiscal year, and a balance sheet for the Salon as of the end of such fiscal year; and

(D) within 10 days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Salon and your financial condition, earnings, sales, profits, costs, expenses, and performance.

We may periodically specify the form and content of the reports and financial statements described above and may periodically change the timing of the due dates for such reports. You agree to verify and sign each report and financial statement in the manner we prescribe. If we reasonably determine that any report or financial statement submitted to us is materially inaccurate, in addition to the other remedies that we may exercise as a result of such material breach, we may require you to have audited financial statements prepared annually during the Term. We will not publicly disclose data derived from these reports unless we make such public disclosure without disclosing your identity or your Salon's financial results on an individual (i.e., unconsolidated) basis.

9. TRANSFER

(a) Transfer and Delegation by Us. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We also may change our ownership or form without restriction. You acknowledge and agree that we may (i) sell all or any part of our ownership interests, our assets, the Marks and/or the System to a third party; (ii) go public or engage in a private placement of some or all of our securities; (iii) merge, acquire other entities, or be acquired by another Entity (whether competitive or not); and/or (iv) undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If we assign our rights in this Agreement, nothing in this Agreement shall be deemed to require us to remain in the Salon business or to offer or sell any products or services to you. We have the right, from time to time, to delegate the performance of any portion or all of our rights or obligations under this Agreement to designees, whether they are our Affiliates, agents, Area Representatives, or other independent contractors with which we contract to provide such services.

(b) Transfer by You.

(i) Definition of Transfer. For purposes of this Agreement, "**Transfer**" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the Salon, substantially all the assets of the Salon, or in the ownership of the franchisee (if you are an Entity). "**Transfer**" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A "**Control Transfer**" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Salon or all or substantially all of the Salon's assets; or (iii) any Controlling Ownership Interest (defined below) in you (if you are an Entity), whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a "**Controlling Ownership Interest**" in you mean, if you are an Entity, either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in you or (ii) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Salon to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

(ii) No Transfer Without Our Consent. This Agreement and the license contained herein are personal to you, and we have granted the license in reliance on your (and, if you are an Entity, your Owners') business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent. We have sole and absolute discretion to withhold or condition our consent for any Control Transfer, except as otherwise provided in Section 9(d) (Transfer to an Entity). We may, in our reasonable discretion, withhold or condition our consent for any Transfer that does not result in a Control Transfer, except as otherwise provided in Section 9(d) (Transfer to an Entity). If your Salon is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so. Any purported Transfer without our prior written consent will be null and void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure.

(iii) Transfer Procedure. If you or any of your Owners desire to make a Transfer, you must promptly provide us with written notice. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least 60 days after we receive written notice of the proposed Transfer, including a copy of the letter of intent or purchase agreement between you and the proposed transferee, an application package, a transfer term worksheet, and any other materials specified in the Manuals. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

(c) Transfer Conditions. For a proposed Transfer, in addition to any other conditions that we may specify, the following conditions apply (unless waived by us):

(i) The proposed transferee and each of its owners must be individuals who, in our reasonable judgment, meet our then applicable reasonable standards for new franchisees, including the fact that they do not directly or indirectly own or perform services for a Competitive Business (as defined in Section 13(a) (Competitive Business)) (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than 5% of the number of shares of that class of securities which are issued and outstanding);

(ii) The terms and conditions of the proposed Transfer (including the purchase price) are satisfactory to us;

(iii) If the Transfer is a Control Transfer or the transferring Owner is your Manager, the proposed transferee (or its Manager) and its manager and lead trainer must complete our initial training program to our satisfaction (unless the transferee is an existing franchisee or Owner and the Salon will continue to be managed after the Transfer by the same manager and principal employees who managed the Salon before the Transfer);

(iv) If the Transfer is of an ownership interest in you, the proposed transferee, if its resulting ownership interests in you meets our then-current thresholds for owner guarantees, must sign our then-current form of Owners Guaranty; and, if the Transfer is a Control Transfer, the proposed transferee must agree to assume all of your duties and obligations and, at our option: (a) have agreed in writing to be bound by all of the terms and conditions of this Agreement and any ancillary agreements, such as the Owner's Guaranty; or (b) sign the form of franchise agreement and ancillary agreements we then are using in connection with the grant of new franchises, which may differ materially from this Agreement (including increased fees, and conditions for renewal and additional Transfers), except that the term under franchise agreement will be equal to the then-remaining Term under this Agreement (including any Successor Franchise rights you have under this Agreement, if any, but not adding any Successor Franchise rights that you did not have prior to the Transfer);

(v) At our request, the proposed transferee refurbishes the Salon in the manner and subject to the provisions described in Section 2(b)(vi) (Your Right to Acquire Successor Franchises);

(vi) All monetary obligations (whether hereunder or not) of you to us or our Affiliates are paid in full;

(vii) You are not in default under this Agreement or any other agreement between you and us or our Affiliates;

(viii) We must have received a transfer fee equal to 50% of the then-current initial franchise fee charged to new franchisees;

(ix) You (and your transferring Owners) must have signed general releases, in a form satisfactory to us, of any and all claims against us and our Affiliates, and our and their respective owners, officers, directors, employees, and agents;

(x) If the Transfer is a Control Transfer, you first offered to sell such interest to us pursuant to Section 9(e) (Our Right of First Refusal) and we have declined to exercise our right of first refusal in the manner set forth therein;

(xi) If you or your Owners finance any part of the sale price of the transferred interest, you and your Owners must have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements, or security interests that you or your Owners have reserved are subordinate to the transferee's obligation to pay Royalties, Brand Fund Contributions and other amounts due to us and otherwise to comply with this Agreement;

(xii) You and your transferring Owners must agree in writing for our and the transferee's benefit to continue to observe the restrictions contained in Sections 12 (Confidential Information), 13 (Non-Compete), and 16 (Effect of Termination of Expiration of this Agreement); and

(xiii) You must have provided us with any material reasonably requested by us, including any loan or financing documents, at least 30 days prior to the proposed Transfer's effective date.

(d) Transfer to an Entity. If you are an individual or group of individuals and are in compliance with this Agreement, then upon no less than 10 days' prior written notice to us, and upon your compliance with our then-current transfer policies and procedures, you may Transfer this Agreement to an Entity formed solely to operate the Salon and, if applicable, other Salons in which you maintain management control and of which you own 100% of the financial and voting interests, provided that all assets of the Salon are owned, and the entire business of the Salon is conducted, by such Entity. If you are a group of individuals, any such individual who will not own an Ownership Interest in such Entity must sign the form of agreement that we reasonably require in which each such individual releases any rights under this Agreement and releases any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees and agents. Any Transfer made in compliance with this Section 9(d) is not subject to the conditions or requirements in Section 9(c) (Transfer Conditions) or 9(e) (Our Right of First Refusal). However, transfers of Ownership Interests in the new Entity, including the issuance of new Ownership Interests in such Entity to any person other than you, will be subject to the applicable provisions of this Section 9. All Owners of the new Entity (including you) must execute and deliver to us our standard form of Owner's Guaranty. You will remain liable for performance of this Agreement by any Entity to which you transfer this Agreement. You also agree to enter into an amendment to this Agreement or other document to reflect the new Entity as franchisee and ownership structure.

(e) Our Right of First Refusal.

(i) Purchase Offers. Any proposal or offer to purchase your Salon or ownership interests in you that are subject to our consent under this Section 9 must be separable from any proposal to purchase any other rights or assets (including with respect to the purchase of area representative rights or other Salons owned by you or your Affiliates) and a separate purchase price must be assigned to your Salon or ownership interests that are proposed to be purchased.

(ii) Our Right. We have the right, exercisable within 30 days after receipt of (a) the notice of your intent to Transfer an interest that, as provided above, is subject to this Section 9(e) and (b) such documentation and information that we require (as specified in the Manuals or as otherwise requested by us), to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at our option, the cash equivalent thereof. If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights. We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Salon or your business prior to the closing of our purchase. Closing on our purchase must occur within 90 days after the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another Entity or person either before or after we exercise it. However, our right of first refusal will not apply with regard to Transfers to an Entity under Section 9(d) (Transfers to an Entity).

(iii) Declining Our Right. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in this Section 9. Closing of the Transfer must occur within 90 days of our election (or such longer period as Applicable Laws may require); otherwise, the third- party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third-party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer. The Transfer is conditional upon our determination that the Transfer was on terms substantially the same as those offered to us.

10. DEATH OR DISABILITY

(a) Transfer Upon Death or Disability. Upon the death of any of your Owners, the transfer of the deceased Owner's interests in you will be subject to the Transfer provisions in Section 9 (Transfers) above. Upon the Disability of your Manager, the Manager or its executor, administrator, conservator, guardian, or other personal representative must, within a reasonable time (not to exceed six months after such Disability), Transfer its ownership interests in you in compliance with the terms and conditions applicable to Transfers contained in Section 9 (Transfer). "**Disability**" means the inability of a person to perform his or her normal responsibilities at the Salon for a consecutive period of at least 90 days or for a total of 180 days during any 12- month period.

(b) Operation Upon Death or Disability. Within 30 days after the death or Disability of your Manager, you must appoint a qualified manager to operate the Salon. Such manager will be required to complete our management training program to our satisfaction. If, prior to or after the appointment of the manager or replacement Manager, we determine that the Salon is not being managed properly according to our System Standards, we or our designee have the right (but not the obligation) to enter the Site and assume the Salon's management for any period of time that we deem appropriate. All funds from the Salon's operation during the period of our (or our designee's) management will be kept in a separate account and all Salon expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a management fee of 3% of the Salon's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Salon's management. We or our designee will have a duty only to use reasonable efforts upon assuming the Salon's management and will not be liable to you for any debts, losses or obligations that the Salon incurs, or to any creditors for any supplies or other products or services purchased for the Salon, in connection with such management.

11. INTELLECTUAL PROPERTY

(a) Marks and Trade Dress.

(i) Acknowledgements. You acknowledge that, as between us and you, (a) we or our Affiliates are the owner of and have superior rights to the Marks and the Trade Dress, (b) you have no interest in the Marks and the Trade Dress beyond the non- exclusive license granted herein, and (c) we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with or attached to any portion of the Marks, Trade Dress, and our other Intellectual Property (defined below), whether or not associated with your activities as a franchisee under this Agreement. Nothing herein shall constitute a representation or warranty from us or our Affiliates as to title to or ownership of any Marks or other Intellectual Property.

(ii) Rights. Your right to use the Marks and the Trade Dress applies only to the Salon operated at the Site as expressly provided in this Agreement, including advertising related to the Salon. You may only use in your Salon the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You may not use any Mark (i) as part of any corporate or legal business name (except for a fictitious name in a form that we approve), (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing. No materials on which any of the Marks or the Trade Dress appears will be used by you without our prior written approval, which may be revoked at any time upon reasonable notice to you. You must display the Marks in a manner that we specify on signage at the Salon and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationary, and other materials we designate.

(b) Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the ColorOnly Express Salons® concept, including the Manuals and marketing materials, (collectively, the "**Copyrights**") belong solely and exclusively to us. You have no interest in the Copyrights beyond the non-exclusive license granted in this Agreement.

(c) No Contesting Our Rights. During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly contest our or our Affiliates' ownership, title, right or interest in or to, or our license to use, or the validity of (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the "**Intellectual Property**"), or contest our and our Affiliates' sole right to register, use, or license others to use the Intellectual Property.

(d) Changes to Intellectual Property. We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You agree to implement any such change at your own expense within the time we reasonably specify.

(e) Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our Affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

(f) Post-Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically revert to us without cost and without the execution or delivery of any document. Upon our request, you will execute all documents that we require to confirm such reversion.

(g) Non-Disparagement. You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, Affiliates, successors, and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us, our Affiliates, any of our or our Affiliates' directors, officers, employees, representatives, or Affiliates, current and former franchisees or developers of us or our Affiliates, the ColorOnly brand, the System, any Salon or other business using the Marks, any other brand or service-marked or trademarked concept of us or our Affiliates, or which would subject the ColorOnly brand or such other brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the ColorOnly brand, or such other brands.

12. CONFIDENTIAL INFORMATION

(a) Confidentiality of Trade Secrets and Other Confidential Information.

(i) Definition of Confidential Information. "**Confidential Information**" means certain information, processes, methods, techniques, procedures and knowledge, including know-how (which includes information that is secret and substantial), Manuals and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by us, our predecessor, or our or its Affiliates relating directly or indirectly to the development or operation of a Salon. With respect to the definition of know-how, "**secret**" means that the know-how as a body or in its precise configuration is not generally known or easily accessible and "**substantial**" means information which is important and useful to you in developing and operating the Salon. Without limiting the foregoing, Confidential Information includes, but is not limited to:

A. methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation, and franchising of Salons, including information in the ColorOnly Express Salons® design guidelines;

B. knowledge of suppliers and specifications for certain materials, equipment and fixtures for Salons;

C. operating results and financial performance of Salons;

D. Member and Client Information

E. any and all marketing, promotional or training materials used in the operation of or relating to Salons; and

F. the System Standards and the Manuals.

Confidential Information does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

(ii) Ownership. You acknowledge and agree that we and our Affiliates own all right, title and interest in and to the Confidential Information, which is proprietary and a valuable asset of us and our Affiliates. We will disclose to you such parts of the Confidential Information as we determine (in our sole judgment) is required for the operation of a Salon during training and in guidance and assistance furnished to you during the Term in the Manuals, orally, or otherwise in writing. You and each of your Owners acknowledge and agree that neither you, your Owners, nor any other person or Entity will acquire any interest in or right to use the Confidential Information, other than your right to utilize certain Confidential Information in the operation of the Salon, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees.

(iii) Use of Confidential Information. You acknowledge and agree that the Confidential Information is disclosed to you solely on the condition that you and your Owners, and each Owner does hereby agree (on behalf of and with respect to himself/herself only), that, during and after the Term, you, and your Owners:

A. may disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Salon, and you may disclose your Salon's financial results only to a lender or prospective purchaser and, then, only (i) in connection with the proposed loan or sale of your Salon or of a direct or indirect ownership interest in you and (ii) if the recipient is subject to a confidentiality obligation with respect to such information;

B. will not use the Confidential Information in any other business or capacity;

C. will maintain the absolute secrecy and confidentiality of the Confidential Information;

D. will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible or intangible form;

E. will not disclose the Confidential Information in judicial or administrative proceedings if you are legally compelled to disclose such information, unless you notify us prior to disclosure and have used your best efforts to obtain, and have afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed; and

F. will adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of or access to the Confidential Information, including requiring employees who will have access to such information to execute confidentiality agreements in a form periodically prescribed by us. You must maintain such confidentiality agreements on file for four years after the employee executing such agreement has left your employment, and must provide us, at our request, executed originals of each such agreement.

(b) Member and Client Information

(i) Protection of Member and Client Information. You must comply with our System Standards, other directions from us, and all Applicable Laws regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of Member and Client Information and, in any event, employ reasonable means to safeguard the confidentiality and security of Member and Client Information. If there is a suspected or actual breach of security or unauthorized access involving Member and Client Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Member and Client Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take as a result of a breach of security or unauthorized access to Member and Client Information in your control or possession.

(ii) Ownership of Member and Client Information. You agree that all Member and Client Information that you collect in connection with your Salon is deemed to be owned by us and must be furnished to us at any time that we request it. In addition, we and our Affiliates may, through the Computer Hardware System or otherwise, have independent access to Member and Client Information.

(iii) Use of Member Information. You have the right to use Member Information while this Agreement or a successor franchise agreement is in effect, but only to market ColorOnly™ products and services to customers in accordance with the policies that we establish periodically and Applicable Laws. You may not sell, transfer, or use Member Information for any purpose other than marketing ColorOnly Express Salons® products and services. We and our Affiliates may use Member Information in any manner or for any purpose. You must secure from your actual and prospective customers and others all consents and authorizations, and provide them all disclosures, that Applicable Laws requires to transmit Member Information to us and our Affiliates, and for us and our Affiliates to use that Member Information, in the manner that this Agreement contemplates.

(c) Nondisclosure and Noncompetition Agreements with Certain Individuals. We have the right to require any of your Owners (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and employees of your Salon to execute a nondisclosure agreement, in a form reasonably satisfactory to us, upon execution of this Agreement or prior to each such person's affiliation with you. Additionally, we have the right to require any of your Owners (and any member of their immediate families or households), and any officer, director, or executive of your Salon to execute a noncompetition agreement, in form reasonably satisfactory to us, upon execution of this Agreement or prior to each such person’s affiliation with you. Upon our request, you will provide us with copies of all nondisclosure and noncompetition agreements signed pursuant to this Section. Such Agreements shall remain on file at your offices and are subject to audit or review as otherwise set forth in this Agreement. We will be a third-party beneficiary with the right to enforce covenants contained in such agreements or, at our option, we will be a direct party to the agreement.

13. NON-COMPETE

(a) Competitive Business. You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among our franchisees if you (or your Owners) were permitted to hold interests in or perform services for (i) any business activity involving (a) an express hair color salon (ii) any Entity that grants franchises or licenses for any of the businesses described above); or (iii) any business in which Confidential Information could be used to the disadvantage of us, our Affiliates, or other ColorOnly Express Salons® franchisees (each, a "**Competitive Business**"). Therefore, we have granted the Franchise to you in consideration of and reliance upon your (and your Owners') agreement to deal exclusively with us.

(b) During Term. You agree that, during the Term, neither you nor any of your Owners, directors, or officers (nor any of your or their spouses, parents, siblings, or children) will, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

(i) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than as a customer), or have any other interest in any Competitive Business located or operating anywhere;

(ii) interfere with our, our Affiliate's, or any other Salon owner's relationships with any vendors or suppliers;

(iii) direct, or attempt to direct, any prospective or existing business or economic opportunities away from us, our Affiliate, the Salon or any other Salon to a Competitive Business; or

(iv) perform any act prejudicial or injurious to the goodwill associated with the Marks.

(c) After Termination, Expiration, or Transfer. For two years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners may not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

(i) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than as a customer), or have any other interest in any Competitive Business located or operating: (A) at the Site; (B) within a 10-mile radius of the Site; or (C) within a 10-mile radius of any other Salon in operation or under development on the effective date of termination or expiration of this;

(ii) interfere with our, our Affiliate's, or any other Salon owner's relationships with any vendors or suppliers;

(iii) direct, or attempt to direct, any prospective or existing business or economic opportunities away from us, our Affiliate, your Salon, or any other Salon to a Competitive Business; or

(iv) perform any act prejudicial or injurious to the goodwill associated with the Marks.

(d) Publicly Traded Corporations. Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 13.

(e) Enforcement of Covenants. You acknowledge and agree that (i) the restrictive covenants contained in this Section 13 are essential elements of this Agreement and that without their inclusion, we would not have entered into this Agreement; (ii) the time, territory, and scope of the covenants provided in this Section 13 are reasonable and necessary for the protection of our legitimate business interests; (iii) you have received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 13 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 13. You acknowledge that any breach or threatened breach of this Section 13 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 13. Such injunctive relief will be in addition to any other remedies that we may have.

14. INNOVATIONS

You agree to promptly disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you and/or any of your Affiliates, Owners, agents, representatives, contractors or employees during the Term relating to the development or operation of a Salon (“**Innovations**”), whether or not protectable intellectual property and whether created by or for you or your Owners or employees. All Innovations will be deemed our sole and exclusive property and works made-for-hire for us. We have the right to incorporate Innovations into the System and may use them and authorize you and others to use them in the operation of Salons. Innovations will then also constitute Confidential Information. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our Affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Salon or otherwise without our prior approval.

15. TERMINATION OF AGREEMENT

(a) Termination By You. You may terminate this Agreement if we commit a material breach of any of our obligations under this Agreement and fail to correct such breach within 30 days after your delivery of written notice to us of such breach; provided, however, that if we cannot reasonably correct the breach within this 30-day period but provide you, within this 30-day period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period. Abandoning your Salon operations in the manner described in Section 15(b)(iii) will be deemed to be your termination of this Agreement without cause.

(b) Termination by Us. Any one or more of the following constitutes an “**Event of Default**” under this Agreement:

(i) you (or any of your Owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the Franchise or your operation of the Salon, including by intentionally, or through your gross negligence, understating the Salon's Gross Sales for any period;

(ii) you fail to obtain our approval of the Site, to secure the approved Site under a lease or sublease that we approve, or otherwise to meet any of the Development Obligations identified in Section 3 (Your Obligations to Develop the Salon) on or before the applicable deadline established in Section 3, or you fail to develop, open and begin operating the Salon in accordance with our System Standards on or before the Mandatory Opening Date;

(iii) you abandon or fail to actively operate the Salon offering full services to its members during all of the hours we specify (other than due to a Force Majeure Event as defined below) for two or more consecutive days, or for five or more days during any calendar month, (y) assert, in writing, your intention to permanently close the Salon prior to the end of the Term without our consent, or (z) otherwise engage in acts that would cause us to reasonably conclude that you have abandoned the Salon; provided, however, that you may close the Salon for up to seven days for remodeling and repairs which have been pre-approved in writing by us (but if your remodeling or repairs will take more than seven days, your members must be able to use an alternate location within five miles of your Salon);

(iv) you or any of your Owners makes a purported Transfer in violation of Section 9 (Transfer);

(v) you, any Owner, or any of your officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on our franchise system, the Marks and any associated goodwill, or the COLORONLY concept (an "**Adverse Effect**") or you, any Owner, or any of your officers or directors has engaged in or engages in activities that, in our reasonable opinion, have an Adverse Effect;

(vi) you lose the right to possession of the Site, unless you locate and start pre- selling memberships at a substitute Site pre-approved in writing by us within the Territory before you cease operating the Salon at the original Site;

(vii) you (or any of your Owners) violate any provisions of Section 13 (Non- Compete) or improperly disclose, misuse, or misappropriate any Confidential Information;

(viii) you violate any Applicable Laws and do not begin to correct such noncompliance or violation immediately, or do not completely correct such noncompliance or violation within the time period prescribed by law, unless you are in good faith contesting your liability for such violation through appropriate proceedings;

(ix) you fail to report the Salon's Gross Sales pursuant to Section 8(c) (Records, Reports, and Financial Statements) or fail to make any payment due to us or any of our Affiliates, and do not correct such failure within five days after delivery of written notice of such failure;
(x) you fail to maintain the insurance required by this Agreement or to furnish us with satisfactory evidence of such insurance within the required time and do not correct such failure within five days after delivery of written notice of such failure;

(xi) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due from the operations of the Salon, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(xii) you (or any of your Owners) breach this Agreement or any other agreement between us (or any of our Affiliates) and you (or any of your Owners or Affiliates) on three or more separate occasions within any period of 12 consecutive months, and we provide you with written notice of such breaches in accordance with Section 21(e) (Notices and Payments), whether or not such breaches are corrected after notice from us;

(xiii) you repeatedly fail to pay amounts owed to our designated, approved, or recommended suppliers within 30 days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material pertaining to the operation or ownership of the Salon;

(xiv) you fail to achieve Performance Standards in two consecutive years;

(xv) any other contract or agreement between us (or any of our Affiliates) and you (or any of your Owners or Affiliates), including any franchise agreement for another Salon, is terminated before its term expires, regardless of the reason (except pursuant to our mutual written agreement);

(xvi) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Salon is attached, seized, or levied upon, unless such attachment, seizure, or levy is vacated within 60 days; a lender forecloses on a material portion of your assets; or any order appointing a receiver, trustee, or liquidator of you or the Salon is not vacated within 60 days following the entry of such order; or

(xvii) you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our Affiliates), including any System Standard, and do not correct the failure to our satisfaction within 30 days after we deliver written notice of the failure to you; provided, however, that if we determine you cannot reasonably correct the breach within this 30-day period and you provide us, within this 30-day period, with reasonable evidence of your effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period.

(c) Our Remedies After An Event of Default.

(i) Right to Terminate. If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, you will not be relieved of any of your obligations, debts, or liabilities under this Agreement, including any debts, obligations, or liabilities that you accrued prior to such termination or any indemnification obligations with respect to matters that occurred prior to such termination that were not asserted until after termination.

(ii) Other Remedies. If an Event of Default occurs, we may, at our sole election and upon delivery of written notice to you, take any or all of the following actions without terminating this Agreement:

A. temporarily or permanently reduce the size of the Territory, in which event the restrictions on us and our Affiliates under Section 1(d) (Territorial Rights) will not apply in the geographic area that was removed from the Territory;

B. temporarily suspend or permanently terminate your limited territorial rights and the restrictions on us and our Affiliates under Section 1(d) (Territorial Rights);

C. temporarily remove information concerning the Salon from the System Website and/or stop your or the Salon's participation in any other programs or benefits offered on or through the System Website;

D. suspend your right to participate in one or more programs or benefits that the Marketing Fund provides;

E. suspend any other services that we or our Affiliates provides to you under this Agreement or any other agreement, including any services relating to the Computer Hardware System;

F. suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

G. suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements;

H. undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty; and/or

I. enter the Salon's premises and assume the management of the Salon ourselves or appoint a third party (who may be our Affiliate) to manage the Salon. All funds from the operation of the Salon while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Salon will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee that we specify, not to exceed 15% of the Salon's Gross Sales, plus any out- of-pocket expenses incurred in connection with the Salon's management. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Salon incurs, or to any of your creditors for any products or services the Salon purchases, while managing it. You shall not take any action or fail to take any action that would interfere with our or our appointee's exclusive right to manage the Salon and may, in our sole discretion, be prohibited from visiting the Salon so as to not interfere with its operations. Our (or our appointee's) management of the Salon will continue for intervals lasting up to 90 days each (and, in any event, for no more than a total of one year), and we will during each interval periodically evaluate whether you are capable of resuming the Salon's operation and periodically discuss the Salon's status with you.

(ii) Exercise of Other Remedies. Our exercise of our rights under Section 15(c)(ii) (Other Remedies) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement (except as set forth in Section 15(c)(ii)(H) (our assumption of management)) following our exercise of any of these rights. If we exercise any of our rights under Section 15(c)(ii), we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

16. EFFECT OF TERMINATION OR EXPIRATION OF THIS AGREEMENT

You covenant and agree that upon expiration or termination of this Agreement for any reason, unless we direct you otherwise, you must comply with each of the following provisions:

(a) Payment of Amounts Owed to Us. You will immediately pay us all amounts remaining due under this Agreement (or within five days after the amount is known if the amount is not known on the effective date of expiration or termination). In the case of a termination by either party, this will be deemed to include all amounts that you would have paid us during what would have been the remainder of the Term had it not been terminated, including Royalties and Brand Fund Contributions (with the Gross Sales used to calculate the Royalties and Brand Fund Contributions being determined using the average of your weekly Gross Sales during the 6-month period prior to the date of termination). You agree that such amounts (i) are true liquidated damages; (ii) are intended to compensate us for the harm we will suffer only from and as a result of the loss of our revenue stream provided by the Royalties and Brand Fund Contributions and not for any other damages; (iii) are not a penalty; (iv) are a reasonable estimate of our probable loss of Royalties and Brand Fund Contributions resulting from your defaults, viewed as of the termination date; and (v) will be in addition to all other rights we have to obtain legal or equitable relief. You also agree that, in the case of a termination by either party, we also will suffer damages other than lost future Royalties and Brand Fund Contributions (including loss of goodwill relating to the Marks and lost business opportunities). You also will pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provision of this Section 16.

(b) Cease Identification With Us.

(i) You must immediately cease using, by advertising or in any other manner, (a) the Intellectual Property (including the Marks and the Trade Dress), (b) the System and all other elements associated with the System, and (c) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

(ii) You may not directly or indirectly at any time or in any manner (except with respect to other Salons you own and operate) identify yourself or any business as a current or former Salon, or as one of our current or former franchisees.

(iii) You must immediately take all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Salon or the Marks (collectively, "**Identifiers**"). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 16(b), you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer.

(iv) You must, at your own expense, remove and deliver to us (or, at our option, destroy) all marketing materials, forms, and other materials containing any of the Marks or otherwise identifying or relating to a Salon.

(v) If we do not have or do not exercise an option to purchase the Salon, you must, at your own expense, make such modifications or alterations to the Site immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the appearance of the Site from a ColorOnly Express Salon™, including removing the signs, the Marks, and any Trade Dress so as to indicate to the public that you are no longer associated with us. If you do not comply with the requirements of this Section, we may enter the Salon without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. You agree to reimburse us on demand for our expenses in making such changes.

(vi) You agree to furnish us, within 30 days after the effective date of termination or expiration of this Agreement, with evidence satisfactory to us of your compliance with the foregoing obligations.

(vii) You agree to comply with the non-disparagement obligations described in Section 11(g) (Non-Disparagement).

(c) Confidential Information. Upon termination or expiration of this Agreement, you and your Owners will refrain from any disclosure of Confidential Information and will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

(d) Competitive Restrictions. You and your Owners will abide by the non-compete obligations specified in Section 13(c) (After Termination, Expiration, or Transfer).

(e) Memberships. In addition to any procedures required by Applicable Laws and any instructions that we may provide, you must notify all members and clients of your Salon immediately that your Salon will cease to operate under the Marks (using a notice that we have approved in writing) and offer to such members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement. You are solely responsible for paying such refunds to your members. We may contact and offer such members continued rights to use one or more Salons on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising out of or relating to any Membership Agreement or act or failure to act by you or your Salon. You will cooperate with us to preserve member goodwill.

(f) Our Right to Purchase.

(i) Exercise of Option. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the Salon from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**"). We have the unrestricted right to assign this option to purchase the Salon. We will be entitled to all customary warranties and representations in connection with our asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(ii) Real Property Rights. You agree at our election:

A. to assign your leasehold interest in the Site to us;

B. to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or

C. if you or one of your Affiliates owns the Site, to, at our option, sell a fee simple interest in the Site to us as part of the assets or lease the Site to us for an initial five-year term with one renewal term of five years (at our option) on commercially reasonable terms.

(iii) Purchase Price. The purchase price for the Salon will be its fair market value, determined in a manner consistent with reasonable depreciation of the Salon's equipment, signs, inventory, materials and supplies, provided that the Salon will be valued as an independent business and its value will not include any value for: (a) the Franchise or any rights granted by this Agreement; (b) the Marks; or (c) participation in the network of Salons. The Salon's fair market value will include the goodwill you developed in the market of the Salon that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining the Salon's fair market value.

(iv) Excluded Assets. We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Salon's operation or that we have not approved as meeting standards for Salons, and the purchase price will reflect such exclusions.

(v) Appraisal. If we and you are unable to agree on the Salon's fair market value, its fair market value will be determined by three independent appraisers who collectively will conduct one appraisal; provided, however, that if they are unable to agree on a single appraisal, the appraised value will be the average of the three appraisals. We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within 15 days after we notify you that we are exercising our option to purchase the Salon, and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within 30 days after the third appraiser's appointment.

(vi) Closing. The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us or any amounts of rent you owe the landlord of the Site, or supplies or your creditors that we pay on your behalf in order to obtain lawful possession of the Site, any of your assets or to cover amounts you owe suppliers we do business with. At the closing, you agree to deliver instruments transferring to us:

A. good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

B. all licenses and permits of the Salon which may be assigned or transferred;

C. the leasehold interest and improvements in the Site; and

D. accounts receivable from members and membership contracts.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your Owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

(d) Injunctive and Other Relief. You acknowledge that your failure to abide by the provisions of this Section 16 will result in irreparable harm to us, and that our remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provisions of this Section 16, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

(e) Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the termination or expiration of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination or expiration until such obligations are satisfied in full or by their nature expire.

17. INDEMNIFICATION AND INSURANCE

(a) Indemnification.

(i) Indemnification Obligation. You must defend, indemnify, and hold harmless us and our Affiliates, our and their permitted successors and assigns, and each of our and their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "**Indemnified Parties**") from and against all Losses (defined below), which any of the Indemnified Parties may suffer, sustain, or incur as a result of a (a) claim asserted by a third party, (b) inquiry made formally or informally by a third party, or (c) legal action, investigation, or other proceeding brought by a third party that directly or indirectly arises out of or relates to: (1) the operation of the Salon, including any marketing efforts related to the

Salon; (2) the business you conduct under this Agreement; (3) your breach of this Agreement; (4) your noncompliance or alleged noncompliance with any Applicable Laws; or (5) any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees (each, an "**Indemnified Claim**"). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(ii) Indemnification Procedure. We, or an Indemnified Party, will promptly notify you of any Indemnified Claim, provided, however, that the failure to provide such notice shall not release you from your indemnification obligations under this Section 17(a), except to the extent you are actually and materially prejudiced by such failure. An Indemnified Party shall have the right, in its sole discretion, to (a) require you to defend any Indemnified Claim at your expense using counsel reasonably satisfactory to the Indemnified Party or (b) defend any Indemnified Claim at your expense (or take over control of the defense of any Indemnified Claim at your expense at any point after you have started to provide a defense), including by selecting and hiring counsel and coordinating the defense. In either case, you must promptly reimburse such Indemnified Party for any and all Losses that it incurs related to the defense of any Indemnified Claims.

(iii) Cooperation and Settlement. You or the Indemnified Party (as the case may be) shall keep you or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any Indemnified Claim of which it is maintaining and shall cooperate in good faith with each other with respect to the defense of any such claim. You shall not, without the prior written consent of the Indemnified Parties, (a) settle or compromise any Indemnified Claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Parties, or (b) settle or compromise any Indemnified Claim in any manner that may adversely affect the Indemnified Parties other than as a result of money damages or other monetary payments which will be paid by you. Each Indemnified Party may agree to settlements or take any other remedial, corrective, or other actions that it deems appropriate with respect to any Indemnified Claim, and you shall be solely responsible all related Losses, subject to Section 17(a)(iv) (Willful Misconduct or Gross Negligence).

(iv) Willful Misconduct or Gross Negligence. You have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions. However, nothing in this Section 17(a)(iv) limits your obligation to defend us and the other Indemnified Parties under Section 17(a)(i) (Indemnification Obligation).

(v) Survival and Recovery. Your obligations in this Section 17(a) will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 17(a). You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 17(a).

(b) Insurance. You must obtain and thereafter maintain in full force and effect, throughout the Term, at your sole expense, property, professional liability, general liability, motor vehicle liability and other types of insurance we require in the Manuals or otherwise in writing from time to time. The liability insurance must cover claims for bodily injury, death and property damages caused by or occurring in connection with your Salons operation or activities of your personnel in the course of their employment (within and without your Salon's premises). All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. The insurer under any required policy must at all times maintain at least an "A" rating or better as rated by Best's Insurance Reports (or any similar rating that we periodically designate). You must cause us and any Affiliates we designate to be named as additional insureds on any such policies. These insurance policies must and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our Affiliates and our and their successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. You must notify us of any lawsuits filed against you within 5 Business Days after you have notice of such lawsuits, whether or not you have tendered them to your insurance company for defense and/or coverage. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies (including termination), we may (but need not) obtain such insurance for you and your Salon on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

18. AGREEMENT AND INTERPRETATION

(a) Entire Agreement. This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us, and there are no oral or other written understandings, representations, or agreements between us and you, relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the most recent disclosure document (including its exhibits and amendments) that we delivered to you or your representative. This Agreement includes the terms and conditions on Appendix A, which are incorporated into this Agreement by this reference. Any policies that we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

(b) Amendment. Subject to our right to periodically, unilaterally modify the System Standards and the Manual, the provisions of this Agreement may be modified either unilaterally by us, or by written agreement between the parties.

(c) Severability. Except as expressly provided to the contrary in this Agreement, including in Section 20 (Dispute Resolution), each provision of this Agreement is severable, and if, for any reason, any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement that remain otherwise intelligible, which will continue to be given full force and effect and bind the parties. If any Applicable Laws requires a greater prior notice than is required under this Agreement of the termination of this Agreement or of our refusal to enter into a Successor Franchise Agreement, or the taking of some other action not required under this Agreement, or if, under any Applicable Laws, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify such invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any System Standard any portion or portions which a court or arbitrator holds to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

(d) Waiver of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of notice to the other or such other effective date stated in the notice of waiver. Any waiver we or you grant will be without prejudice to any other rights we or you may have, will be subject to our or your continuing review, and may be revoked by the party granting the waiver at any time and for any reason; provided, however, that any waived breach may not later be used as a ground for terminating this Agreement. Any waiver must be in writing to be enforceable. Our failure to complain or declare that you are in breach of the terms of this Agreement or our failure to give or withhold our approval as provided in this Agreement will not, except as otherwise provided in this Agreement, constitute a waiver of such breach or of such right to withhold our approval. We will not be deemed to waive or impair any of our rights under this Agreement because of our waiver of or failure to exercise any right, whether of the same, similar, or different nature, with other Salons or because of the existence of franchise or license agreements for other Salons which contain provisions different from those contained in this Agreement.

(e) Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

(f) Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Appendix A. To the extent that any provisions of Appendix A are in direct conflict with the provisions of this Agreement, the provisions of Appendix A shall control.

19. INDEPENDENT CONTRACTOR

This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. You are, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Salon and its business, including any personal property, Operating Assets, or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Salon. Further, we and you are not and do not intend to be partners, associates, or joint employers in any way, and we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. We do not have the right or power to supervise or discipline any of your employees; to determine the hiring, firing, compensation, or terms or conditions of employment of any of your employees; or otherwise to control the labor relations between you and your employees. We have no relationship with your employees, and you have no relationship with our employees.

20. DISPUTE RESOLUTION

(a) Mediation. Franchisor and Franchisee agree that prior to filing any lawsuit, other than lawsuits described in Section 20(f) below, they will first attempt to resolve any dispute between the parties and/or arising under this Agreement pursuant to mediation conducted by one (1) mediator. A request for mediation shall be submitted to JAMS. Mediation shall be conducted in Fort Lauderdale, Florida and shall be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation. If the parties fail to fully resolve such dispute through mediation within such forty-five (45) day period, either party may initiate arbitration. The fees and expenses of the mediator shall be shared equally by the parties. Franchisor and Franchisee agree that any statements made by any of the parties in any such mediation proceedings will not be admissible in any subsequent arbitration or other legal proceeding. The provisions of this Section will survive termination or expiration of this Agreement.

(b) Arbitration. Except as qualified in Section 20(f) below, any dispute between you and us or any of our or your affiliates, shareholders, members, officers, directors, employees, agents, or guarantors arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the franchised business, or any issues pertaining to the arbitrability of such dispute or any claim that this Agreement, or any part of this Agreement, is invalid, illegal, void or voidable, must be submitted to binding arbitration to JAMS under the authority of the Federal Arbitration Act. All matters relating to arbitration shall be governed by the Federal Arbitration Act and not by any state arbitration law. The arbitration shall be heard by a single arbitrator and administered by JAMS pursuant to its then-current Comprehensive Arbitration Rules and Procedures, must be submitted to the JAMS office in Miami, Florida, and must take place in Fort Lauderdale, Florida. Any arbitration must be resolved on an individual basis and not joined or consolidated as part of a class or group action with claims of other parties. The decision of the arbitrator will be final and binding to the dispute; however the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; or (ii) assess punitive or exemplary damages. A judgment may be entered upon the arbitration award by any court of competent jurisdiction. This agreement to arbitrate shall be deemed to be self- executing and in the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear. The arbitrator shall have the authority to award attorney's fees and costs to the prevailing party. The provisions of this Section will survive termination or expiration of this Agreement.

(c) Conduct of Arbitration. In any arbitration proceeding, each party in the arbitration must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. In any arbitration, each party in the arbitration will be bound by the provisions of any limitation on the period of time in which claims must be brought under Applicable Laws or this Agreement, whichever expires earlier. The arbitrators must follow Applicable Laws and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and will not have the right to declare any Mark generic or otherwise invalid. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 18(d) (Waiver of Obligations).

(d) Individual Actions. Mediation and Arbitration must be conducted on an individual basis, and not on a joint, collective, consolidated, or class-wide basis. Only we (and/or our Affiliates, and our and their respective owners, officers, directors, agents, members, and employees) and you (and/or your Owners, Affiliates, officers, directors, agents, members, and employees, if applicable) may be the parties to any arbitration proceeding; and no such arbitration proceeding may be consolidated with any other arbitration proceeding between us and any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section 20 or Section 18(c) (Severability), if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to mediation/arbitration under this Section 20, then all parties agree that this mediation/arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in the state and federal courts with jurisdiction over Broward County, Florida (subject to applicable state law).

(e) Relief. The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 20(i) (Waiver of Punitive Damages), award any special, consequential, exemplary, or punitive damages against any party to the mediation/arbitration (such parties hereby waive to the fullest extent permitted by law, except as expressly provided in Section 20(i) (Waiver of Punitive Damages), any right to or claim for any special, consequential, exemplary, or punitive damages against the other parties).

(f) Right to Injunctive Relief. Notwithstanding anything to the contrary in Sections 20(a) or 20(b) of this Agreement, it is mutually agreed that Franchisor and Franchisee each have the right in a proper case to obtain specific performance, temporary restraining orders and temporary or preliminary injunctive relief, and other provisional relief, including, but not limited to, enforcement of liens, security agreements, or attachments, as Franchisor deems necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor, to protect the Proprietary Marks or Franchisor's Confidential Information, and/or to enforce the non- competition or non-solicitation covenants in this Agreement, until such time as a final and binding determination is made by the arbitrator. Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon a hearing duly had and all claims for damages by reason of the wrongful issuance of the injunction is expressly waived. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we have the right to commence a civil action against you or take other appropriate action for the following reasons: to restrain a breach or threatened breach of any of the terms of this Agreement by you; to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement. The provisions of this Section will survive termination or expiration of this Agreement.

(g) Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the Franchise, and all claims arising from or related to the relationship between us and you, will be governed by the laws of the State of Florida, without regard to its conflict of laws principles, except that any Florida law regulating the sale of franchises, licenses, or business opportunities, or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices, will not apply unless its jurisdictional requirements are met independently without reference to this Section.

(h) Waiver of Jury Trial. **WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU (OR YOUR OWNERS) OR US. WE AND YOU EACH ACKNOWLEDGE THAT WE AND YOU MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS**

(i) Waiver of Punitive Damages. **EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 17(A) (INDEMNIFICATION), WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.**

(j) Limitations of Claims. **EXCEPT FOR (i) YOUR INDEMNIFICATION OBLIGATIONS UNDER SECTION 17(A) (INDEMNIFICATION), (ii) CLAIMS ARISING FROM YOUR (OR YOUR OWNERS') UNAUTHORIZED USE OF OUR INTELLECTUAL PROPERTY, and (iii) CLAIMS ARISING FROM YOUR NON-PAYMENT OF ANY AMOUNTS DUE UNDER THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A LEGAL**

PROCEEDING (IN THE REQUIRED OR PERMITTED FORUM) IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

(k) Costs and Attorneys' Fees. You (and your Owners) agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to prevail in such court, arbitration, or other formal legal proceeding); and (ii) in the defense of any claim you and/or the Owners assert against us on which we prevail in court, arbitration, or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to prevail in such court, arbitration, or other formal legal proceeding); and (ii) in the defense of any claim we assert against you on which you prevail in court, arbitration, or other formal legal proceedings.

(l) Cumulative Rights. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to exercise or enforce.

21. MISCELLANEOUS

(a) Third-Party Beneficiaries. Except as provided in the indemnification, mediation, and arbitration Sections and this Section, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal Entity not a party to this Agreement. If an Affiliate has licensed the System and/or the Marks to us, such Affiliate (and any third party that is entitled to exercise such Affiliate's rights) shall be a third-party beneficiary of our rights (but none of our duties, obligations, or liabilities) under this Agreement.

(b) No Liability. You agree that none of our or our Affiliates' past, present or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, Affiliates, controlling parties, suppliers, agents, attorneys, representatives, or Entities under common control, ownership or management will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement, (ii) any claim against us based on, in respect of, or by reason of, the relationship between you and us, or (iii) any claim against us based on any alleged unlawful act or omission of us.

(c) Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective. Except where this Agreement expressly obligates us reasonably to approve any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.

(d) Force Majeure. As used in this Section, a "**Force Majeure Event**" is one of the following events which is not caused by, influenced or contributed to by, or within the control of a party (using all lawful means available to such party to exert control over such event): fire, hurricane, tornado, typhoon, flood (other than a flood caused by a defect in the party's premises), earthquake, or other natural disaster. As to us, a Force Majeure Event also includes an unauthorized computer intrusion or hacking. If a Force Majeure Event renders a party's performance of its obligations under this Agreement impossible (not merely more costly or more inconvenient) the affected party's obligations that are so affected will be suspended solely to the extent and during the resulting period that such party's performance of such obligation is rendered impossible; provided however, that the affected party shall promptly notify the other party, in writing, that a Force Majeure Event has occurred, the manner and extent to which such party's obligations have been impacted, and the estimated period during which the party's performance of such obligations is expected to be impacted. A Force Majeure Event shall not suspend a party's payment obligations for monies owed or any other obligations that are not rendered impossible by the Force Majeure Event. The Term shall not be suspended during, or extended as a result of, a Force Majeure Event.

(e) Notices and Payments. All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section.

(i) To Us. You may deliver all routine requests for approval, day-to-day operational communications, and reports to the e-mail addresses that we designate in writing from time to time, but you must deliver all legal notices (including notices related to defaults, terminations, renewals, and Transfers) (a) personally; (b) by certified or registered United States mail, postage prepaid; or (c) by a nationally recognized overnight delivery service to the following address (which we may change upon delivery of written notice to you): ColorOnly Express Salons Franchise Company.

(ii) To You. We may deliver all communications to you, including legal notices (such as notices related to defaults, terminations, renewals, and Transfers), to the ColorOnly™ e-mail address that we assign to you or (a) personally; (b) by certified or registered United States mail, postage prepaid; or (c) by a nationally recognized overnight delivery service to the Salon address or the address listed on Appendix A (which you may change upon delivery of written notice to us).

(iii) Timing of Receipt. All approvals, requests, notices, reports, and payments will be deemed delivered (a) at the time delivered by hand; (b) one Business Day after sending by e-mail; or (c) upon attempted delivery when sent by registered or certified mail or overnight delivery service.

(f) Time. Time is of the essence of this Agreement and each and every provision.

(g) Binding Effect. The delivery of this Agreement to you is not an offer. Therefore, this Agreement will not be binding upon us until it is first signed by you, tendered to us for our acceptance, and signed by us. Once accepted by us, this Agreement is binding upon and will inure to the benefit of us and you and our and your respective successors and permitted assigns. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument. Electronic signatures are expressly authorized. Faxed, scanned, or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

(h) Varying Standards. We specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary System Standards and franchise agreement provisions for any franchisee or prospective franchisee based upon the peculiarities of a particular Site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such franchisee's business. We will not be required to grant you a like or similar variation.

(i) Exercise of Our Business Judgment. We have the right, in our sole judgment, to operate, develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or our franchise network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

22. REPRESENTATIONS AND ACKNOWLEDGEMENTS

(a) Acknowledgments. You acknowledge and agree that:

(i) you have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have also received a FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us;

(ii) you have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents;

(iii) you have no knowledge of any representations made about the ColorOnly Express Salons® franchise opportunity by us, our Affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement;

(iv) you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD;

(v) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Salon and to protect and preserve the goodwill of the Marks;

(vi) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Salon may evolve and change over time;

(vii) an investment in a Salon involves business risks;

(viii) your business abilities and efforts are vital to the success of the venture;

(ix) in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us; and

(x) we have advised you to have this Agreement reviewed and explained to you by an attorney and you have been given ample time to do so.

(b) Representations. You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the Franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the Franchise. This Agreement has been duly authorized and executed by you or on your behalf and constitutes your valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally. We have approved your request to purchase a franchise in reliance on all of your representations.

(c) Terrorist Acts. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the "**Order**"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support

(d) No Warranties. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits, or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of Salons. You acknowledge and agree that:

(i) except as may be stated in the FDD, neither we, nor any of our Affiliates, nor any of our or our Affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Salon or the anticipated revenues, earnings, or profitability of the business subject to the Franchise or any other business operated by us, our licensees, our franchisees, or our Affiliates;

(ii) any information you acquire from other Salon franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(iii) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing Salon owned by us or our Affiliates or that is not contained in our Franchise Disclosure Document (other than those from Salon franchisees) is unauthorized, unwarranted, and unreliable and should be reported to us immediately; and

(iv) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement.

If there are any exceptions to any of the foregoing, you must, prior to your execution of this Agreement, immediately notify our General Counsel.

[SIGNATURE PAGE FOLLOWS]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

FRANCHISOR:

ColorOnly Express Salons
Franchise Company, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[insert franchisee name]

By:

Name:

Title:

Date:

APPENDIX A
FRANCHISEE-SPECIFIC TERMS

1. Effective Date:

2. Franchisee's Name:

3. Franchisee's State of Organization *(if applicable):*

4. Ownership of Franchisee (Section 1(g)):

If the franchisee is an Entity (as defined in the Agreement), the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Owner's Name and Address	Description of Interest	% of Ownership

5. Manager:

6. Area Representative:

7. Site Selection (Section 1(a)): (as may be depicted in an attached map)

8. Franchise Fee (Section 5(a)):

9. Franchisee's Contact Information for Notices (Section 21(e)):

10. Additional Terms; Inconsistent Terms *(if any)* (Section 18(f)):

[SIGNATURE PAGE FOLLOWS]

Signature Page for Appendix A (Franchisee-Specific Terms)

FRANCHISOR:

ColorOnly Express Salons
Franchise Company, LLC

By:

Name:

Title:

Date:

FRANCHISEE:
[insert franchisee name]

By:

Name:

Title:

Date:

Schedule 1 to Appendix A of the Franchise Agreement Franchisee-Specific Terms
(to be completed after site selection and acceptance)

1. The "**Site**" (Section 1(a)) is:

____

____

2. The "**Territory**" (Section 1(c)) is: _____

____

____

ColorOnly Express Salons Franchise Company, LLC agrees that effective on the date specified below, (i) the address listed above is hereby accepted by us as the Site pursuant to Section 3(a) (Site Selection) of this Agreement; and (ii) the area listed above shall be the Territory of this Agreement pursuant to Section 1(c) (Determination of the Territory) of this Agreement.

ColorOnly Express Salons Franchise Company, LLC

By:
Name:
Title:

Date:

Acknowledged and Agreed:

[Franchisee]

By:
Name:
Title:

Date:

Schedule 2 to Appendix A of the Franchise Agreement

TERRITORY MAP

APPENDIX B
OWNER'S GUARANTY

In consideration of, and as an inducement to, the execution by ColorOnly Express Salons Franchise Company, LLC ("**Franchisor**") of that certain ColorOnly™ Franchise Agreement, dated __________________, by and between ("**Franchisee**") and Franchisor (as the same from time to time may be amended, modified, extended or renewed, the "**Franchise Agreement**"), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree as follows:

1. Guarantee of Payment and Performance. The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities. The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee.

2. Waivers by Guarantors. The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

3. Term; No Waiver. This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. This Guarantee will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and despite the transfer of any interest in the Franchise Agreement or Franchisee, and each of the Guarantors waives notice of any and all renewals, extensions, modifications, amendments, or transfers. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

4. Other Covenants. Each of the Guarantors agrees to comply with the provisions of Sections 8 (Evaluations, Audits and Reports), 9 (Transfer), 11 (Intellectual Property), 12 (Confidential Information), 13 (Non-Compete), 14 (Innovations), and 17 (Indemnification) of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the Franchise Agreement. Each Guarantor agrees to take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

5. Dispute Resolution. Section 20 (Dispute Resolution) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

6. Miscellaneous. This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written.

GUARANTORS:
(add more as needed)

Signature: ____________________________
Name: _______________________________
Address: _____________________________
Date: ________________________________

Signature: ____________________________
Name: _______________________________
Address: _____________________________
Date: ________________________________

APPENDIX C
NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE] (referred to as **"we"**, **"us"**, and **"our"**), located at [ADDRESS], and [NAME OF INDIVIDUAL TO BE BOUND] (referred to as **"you"** and **"your"**). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us.

BACKGROUND

We are a franchisee of ColorOnly Express Salons Franchise Company, LLC (**"COF"**), under a Franchise Agreement dated [DATE] (the **"Franchise Agreement"**). We have a license to use the certain trademarks designated by COF (the **"Marks"**), certain policies and procedures used ColorOnly businesses (the **"System"**), and the Confidential Information developed and owned by COF in our ColorOnly Express Salons® (the **"Salon"**).COF recognizes that, in order for us to effectively operate our business, our employees, owners, independent contractors, and related individuals must have access to certain confidential information and trade secrets owned by COF. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm COF, other franchise owners, and us. Accordingly, COF requires us to have you to sign this Agreement.

AGREEMENT

1. **Confidential Information.** As used in this Agreement, **"Confidential Information"** means all manuals, trade secrets, know-how, methods, procedures, techniques, training materials, information, standards and specifications, and marketing and pricing techniques relating to the Salon, the System, or OTF's business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, supplier information, independent contractor information and other confidential information of COF, COF's affiliates, or us (collectively, the **"Interested Parties"**) that you obtain during your association with us. Confidential Information does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of you, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when your association with us began.

2. **Nondisclosure.** You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our employee or as an independent contractor to us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our, COF's, or COF's affiliates' ownership of it. These obligations apply both during and after your association with us.

3. **Return of Confidential Information.** If your association with us ends for any reason, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. **Competitive Business.** A "**Competitive Business**" is (i) any business activity involving (a) an express hair color salon; (ii) any entity that grants franchises or licenses for any of the businesses described in numerette (i); or (iii) any business in which Confidential Information could be used to the disadvantage of COF, its affiliates, us, or other ColorOnly™ franchisees.

5. Noncompete During Association. You may not, during your association with us, without our prior written consent:

(i) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than as a customer), or have any other interest in any Competitive Business located or operating anywhere;

(ii) interfere with our, COF's, COF's Affiliate's, or COF's other franchisees' relationships with any vendors or suppliers;

(iii) direct, or attempt to direct, any prospective or existing business or economic opportunities away from us, COF, our or COF's Affiliate, the Salon, or any other ColorOnly Express Salons® to a Competitive Business; or

(iv) perform any act prejudicial or injurious to the goodwill associated with the Marks.

6. Noncompete After Association Ends. For two years after your association with us ends for any reason you may not, without our prior written consent, directly or indirectly:

(i) own, manage, engage in, be employed by, advise, make loans to, act as lessor to, otherwise support (other than as a customer), interfere with our or any other Salon owner's relationships with any vendors or suppliers; or have any other interest in any Competitive Business located or operating: (a) at the site of the Salon; (b) within a 10-mile radius of the Salon; or (c) within a 10-mile radius of any other ColorOnly Express Salons® in operation or under development on the effective date of termination or expiration of this, except the restrictions in this numerette (i) shall not apply if you are one of our employees; or

(ii) interfere with our, COF's, COF's Affiliate's, or COF's other franchisees' relationships with any vendors or suppliers;

(iii) direct, or attempt to direct, any prospective or existing business or economic opportunities away from us, COF, our or COF's Affiliate, the Salon, or any other ColorOnly Express Salons® to a Competitive Business; or

(iv) perform any act prejudicial or injurious to the goodwill associated with the Marks.

7. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

8. Severability. You acknowledge and agree that (i) the restrictive covenants contained in Paragraphs 5 and 6 are essential elements of this Agreement and that without their inclusion, we would not have associated with you; (ii) the time, territory, and scope of the covenants provided in Paragraphs 5 and 6 are reasonable and necessary for the protection of our legitimate business interests; (iii) you have received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

9. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

10. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of COF and COF's affiliates. We, COF, and COF's affiliates have the right to enforce this Agreement directly against you.

11. Not An Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

12. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

13. Governing Law. This Agreement is governed by the laws of the state in which our principal office is located.

14. Attorneys' Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

15. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

WITNESS

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Address for Notices: ______________
E-Mail: __________________________

YOU

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Address for Notices: ______________
E-Mail: __________________________

APPENDIX D
General Release Agreement

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 2023 by and between **ColorOnly Express Salons Franchise Company**, LLC, a Delaware limited liability company having its principal place of business located at 4020 Galt Ocean Drive, Fort Lauderdale, Florida 33308 (the "**Franchisor**"), and ___________ residing at ________________ ("**Releasor**"), and the parties, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are listed below, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Florida law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs, and legal representatives of the parties.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs and said action must be filed in the State of Florida.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

WITNESS

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Address for Notices: ______________
E-Mail: __________________________

WITNESS

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Address for Notices: ______________
E-Mail: __________________________

RELEASOR

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Address for Notices: ______________
E-Mail: __________________________

ColorOnly Express Salons
Franchise Company, LLC

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Address for Notices: ______________
E-Mail: __________________________

APPENDIX E
COLORONLY EXPRESS SALONS FRANCHISE COMPANY, LLC
REQUIRED FRANCHISOR LEASE ADDENDUM

RIDER AND SPECIAL STIPULATIONS

The Lease Agreement dated (DD/MM/YYYY) by and between [LANDLORD] as "landlord" and [FRANCHISEE] as "tenant" for the demised premises ("premises") described therein.

This Rider and Special Provisions (the "**Rider**") and the provisions hereof are hereby incorporated into the body of the lease to which this Rider is attached (the "**Lease**"), and the provisions hereof shall be cumulative of those set forth in the Lease, but to the extent of any conflict between any provisions of this Rider and the provisions of the Lease, this Rider shall govern and control.

1. Consent to Collateral Assignment to Franchisor; Disclaimer. Landlord acknowledges that Tenant intends to operate a ColorOnly Express Salons® in the Premises, and that Tenant's rights to operate a ColorOnly Express Salons® and to use the trade and service marks set forth on " Schedule 1" to this Rider are solely pursuant to a franchise agreement dated ___, 20_____(the "**Franchise Agreement**") between Tenant and ColorOnly Express Salons Franchise Company, LLC (the "**Franchisor**"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor) succeeding to Tenant's interest in the Lease by mutual agreement of Franchisor and Tenant, or as a result of Franchisor's exercise of rights remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement, Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Tenant shall not be terminated in the event of any assignment referenced herein but shall inure to the benefit of the applicable assignee.

2. Notice and Cure Rights to Franchisor. Prior to exercising any remedies hereunder (except in the event of imminent danger to the Premises), Landlord shall give Franchisor written notice of any default by Tenant, and commencing upon receipt thereof by Franchisor, Franchisor shall have five (5) additional days to the established cure period as is given to Tenant under the Lease for such default, provided that in no event shall Franchisor have a cure period of less than five (5) days after Franchisor's receipt of such notice. Landlord agrees to accept cure tendered by Franchisor as if the same was tendered by Tenant, but Franchisor has no obligation to cure such default. The initial address for notices to Franchisor is as follows:

ColorOnly Express Salons Franchise Company, LLC
Attention: Franchise Department
Franchising@coloronly.com

3. Assignment Rights of Franchisor and Affiliates. Notwithstanding anything to the contrary contained in the Lease or this Rider, in the event Franchisor (or any entity owned or controlled by, or under common control or ownership with, Franchisor) becomes the "Tenant" entity under the Lease, whether pursuant to the terms of Section 1 of this Rider or otherwise consistent with the terms of the Lease, then as of and following such date of Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor's) becoming "Tenant": (i) the transfer of equity interests among existing holders of equity interests in Tenant or any direct or indirect parent thereof, to or among family members, or to trusts for the benefit of any of such parties, (ii) the transfer of equity interests in Tenant or any direct or indirect parent thereof in connection with a public offering of equity interests, (iii) any transfer of equity interests in Tenant or any direct or indirect parent thereof, if Tenant or any direct or indirect parent of Tenant is a public company, (iv) any direct or indirect transfers, including any sale, of equity interests in Tenant or any affiliate thereof, or (v) any change in the members of the board of managers, directors, management or organization of Tenant or any affiliate thereof, shall not be deemed an assignment, subletting, change of control or other transfer of Tenant's interest in and to this Lease.

4. Radius and Relocation Clauses Ineffective. Notwithstanding anything as set forth in the Lease to the contrary or in conflict, in the event Franchisor (or any entity owned or controlled by, or under common control or ownership with, Franchisor) becomes the "Tenant" entity under the Lease, whether pursuant to the terms of Section 1 of this Rider or otherwise consistent with the terms of the Lease, then as of and following such date of Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor's) becoming "Tenant": (i) all "radius" restrictions or other limitations contained within the Lease limiting the operation of other locations/stores/units within a certain geographic area shall be of no further force or effect; and (ii) all rights of Landlord to directly or indirectly relocate the Premises shall be of no further force or effect.

5. Franchisor's Right to Enter. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of the Tenant's business, on Tenant's behalf, under certain circumstances (to-wit: Tenant's abandonment, Tenant's failure to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the ColorOnly Express Salons®). Landlord agrees that Franchisor or its appointee may enter upon the Premises for purposes of assuming the management and operation of ColorOnly Express Salons® as provided in the Franchise Agreement and, if it chooses to do so, it will do so in the name of the Tenant and without assuming any direct liability under the Lease unless Franchisor exercises such rights to assume the Lease as set forth in Section 1 of this Rider. Further, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may enter upon the Premises for the purpose of removing all signs and other material bearing the ColorOnly™ Trademarks or other commercial symbols of Franchisor.

6. Third Party Beneficiary. For so long as Franchisor holds a collateral assignment of the Lease, Franchisor is a third-party beneficiary of the Lease, including, without limitation, this Rider, and as a result thereof, shall have all rights (but not the obligation) to enforce the same.

7. Amendments. Tenant agrees that the Lease may not be terminated, modified, or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent. Tenant agrees to promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the signed modifications and amendments.

8. Default Under Franchise Agreement. Any default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

9. Remaining Provisions Unaffected. Those parts of the Lease that are not expressly modified by this Rider remain in full force and effect.

10. Counterparts. This Rider may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Rider shall constitute originals of the same.

AGREED and executed and delivered under seal by the parties hereto as of the day and year of the Lease.

LANDLORD
[Landlord Name]

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Phone Number: __________________
E-Mail: __________________________

TENANT
[Franchisee Name]

By: ______________________________

Printed Name: ____________________
Date: ____________________________
Phone Number: __________________
E-Mail: __________________________

Trademarks

Mark	U.S. Registration Number	Registration Date
ColorOnly Express Salons	7063928	May 23, 2023

Mark	U.S. App. Serial Number	Application Date
ColorOnly	97543313	August 10, 2022

APPENDIX F
FRANCHISEE QUESTIONNAIRE/COMPLIANCE CERTIFICATION

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF, OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES:
CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE).

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, ColorOnly Express Salons Franchise Company, LLC ("we", "us"), and you are preparing to enter into a franchise agreement for the right to operate a ColorOnly Express Salons® franchise (each, a "Business"). The purpose of this questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) 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 us the appropriate franchisee 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, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

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 Disclosure Document indicating the date you received it?

Yes/No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes/No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Business(es) with these professional advisor(s)?

Yes/No ____ 6. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes/No ____ 7. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the System mark or any other mark at any location outside your Territory under the Franchise Agreement, without regard to the proximity of these activities to the premises of your Business(es)?

Yes/No ____ 8. Do you understand all disputes or claims you may have, arising from, or relating to the Franchise Agreement must be mediated and/or arbitrated, at our option, at our then-current headquarters?

Yes/No ____ 9. Do you understand the Franchise Agreement provides that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential, or other special damages?

Yes/No ____ 10. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is us?

Yes/No ____ 11. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any Principal Executive(s) (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Business to open or consent to a transfer of that Business?

Yes/No ____ 12. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes/No ____ 13. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Area Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

Yes/No ____ 14. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Business or home address until you designate a different address by sending written notice to us?

Yes/No ____ 15. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes/No ____ 16. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 17. Is it true that no broker, 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 Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes/No ____ 18. Is it true that no broker, employee, or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development 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 Disclosure Document?

Yes/No ____ 19. Is it true that no broker, employee, or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property, or services from you in connection with a Business purchase with exception of those payments or loans provided in the Disclosure Document?

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

FRANCHISEE APPLICANT(S):
(add signature lines as necessary)

Signature:

Name:

Title:

Date:

EXHIBIT F

AREA DEVELOPMENT AGREEMENT
WITH ATTACHMENTS

AREA DEVELOPMENT AGREEMENT

between

COLORONLY EXPRESS SALONS FRANCHISE COMPANY, LLC

and

____
AREA DEVELOPER

TABLE OF CONTENTS

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into as of the date set forth on Appendix A of this Agreement (the "Effective Date") (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between ColorOnly Express Salons Franchising Company, LLC, a Delaware limited liability company whose principal business address is 4020 Galt Ocean Drive, Suite 301, For Lauderdale, Florida 33065 ("Franchisor," "we," "us" or "our") and the person or entity identified on Appendix A as the franchisee ("Franchisee" or "you") with its principal place of business as set forth on Appendix A.

RECITALS

A. We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the "Initial Franchise Agreement"), in which we have granted you the right to establish and operate one ColorOnly Express Salons business (a "Business").

B. We desire to grant to you the exclusive right to establish and operate a specified number of Businesses within a specified geographical area in accordance with a development schedule.

C. If you are a corporation, limited liability company, partnership, or other entity (collectively, an "Entity"), all of your owners of a legal and/or beneficial interest in the Entity (the "Owners") are listed on Appendix A of this Agreement (Appendix A and all other appendices hereto being hereby incorporated herein by reference).

D. You desire to establish and operate additional Businesses upon the terms and conditions contained in our then-current standard franchise agreements (a "Franchise Agreement," the current form of which is attached hereto as Appendix B).

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Development Rights and Development Area.

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated on Appendix A to this Agreement (the "Development Area") the number of Businesses specified in the development schedule in Appendix A (the "Development Schedule"). This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) or the System (as defined in your Initial Franchise Agreement). Rights to use the Marks and the System are granted only by the Franchise Agreements.

2. Fees.

Upon execution of this Agreement, you must pay us a development fee in the amount specified on Appendix A (the "Development Fee"), which is based on the initial franchise fee you must pay for each Business that you develop (the "Franchise Fee," which is also specified on Appendix A). The Development Fee will be credited towards 100% of the Franchise Fee due under the Franchise Agreement for each Business that you develop pursuant to this Agreement. The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Development Schedule.

3. Development Schedule.

3.1 Deadlines. You must enter into Franchise Agreements and open and operate Businesses in accordance with the deadlines set forth in the Development Schedule. By each "Opening Deadline" specified in the Development Schedule, you must have the specified number of Businesses open and operating. You must locate the Businesses only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement.

3.2 **Damaged Businesses.** If a Business is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business, you must immediately give us notice of such destruction or damage ("Destruction Event"). You must diligently work to repair and restore the Business to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Development Area. If a Business is closed due to a Destruction Event, the Business will continue to be deemed a "Business in operation" for the purpose of this Agreement for up to 180 days after the Destruction Event occurs. If a Business (i) is closed in a manner other than those described in this Section 3.2 or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may exercise our rights under Section 6.2 (Our Remedies).

4. **Development Area.**

4.1 **Development Area.** Except as provided in this Section 4.1, while this Agreement is in effect, provided that you open and operate the Businesses in accordance with the Development Schedule and the minimum number of Businesses that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, we will not operate, or license any person other than you to operate, a Business under the Marks (as defined in your Initial Franchise Agreement) and the System (as defined in your Initial Franchise Agreement) within the Development Area.

4.2 **No Other Restriction On Us.** Except as expressly provided in Section 4.1 or any other agreement between the parties, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Businesses. For example, we and our affiliates have the right to:

(a) Establish or license franchises and/or company-owned Businesses or other facilities or businesses offering similar or identical products, services, and classes and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

(b) Sell or offer, or license others to sell or offer, any products, services, treatment programs, or nutrition programs using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via online videos, or via broadcast media, anywhere, including inside and outside of the Development Area;

(c) Advertise, or authorize others to advertise anywhere, using the Marks;

(d) Acquire, be acquired by, or merge with other companies with existing hair salon facilities, businesses, and/or Businesses anywhere (including inside or outside of the Development Area) and, even if such businesses are located in the Development Area, (i) convert the other businesses to the ColorOnly Express Salons name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Businesses to such other name; and

(e) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

5. Term.

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

6. Termination.

6.1 Events of Default. Any one or more of the following constitutes an **"Event of Default"** under this Agreement:

(a) You fail to have open and operating the minimum number of Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

(b) An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

(c) You breach or otherwise fail to comply fully with any other provision contained in this Agreement, including Section 8 (Franchisee's Covenant Not to Compete).

6.2 Our Remedies. If any Event of Default occurs under Section 6.1, we may, at our sole election: (i) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; (ii) terminate any exclusive or territorial rights that you may have within the Development Area or otherwise under this Agreement; and/or (iii) exercise any other remedy we may have in law or equity as a result of an Event of Default hereunder. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. The rights and remedies of the parties hereto shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or early termination of this Agreement shall not discharge or release you from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration or early termination of this Agreement. Notwithstanding anything to the contrary herein, a termination of this Agreement resulting from your failure to open and thereafter operate Businesses in accordance with the Development Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement in effect at the time of such termination.

7. Assignment; Our Right of First Refusal.

7.1 Rights Personal to You. This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you without our prior written approval, which we may grant or withhold for any or no reason.

7.2 Our Right of First Refusal.

(a) If you receive, and desire to accept, from a third party a bona fide offer to transfer any of your rights in this Agreement, you shall promptly notify us in writing and send us an executed copy of the contract of transfer. We shall have the right and option, exercisable within thirty (30) days after actual receipt of such notification or of the executed contract of transfer which shall describe the terms of the offer, to send written notice to you that we intend to purchase your interest on the same terms and conditions offered by the third party.

(b) Closing on the purchase must occur within sixty (60) days from the date of notice by us to you of our election to purchase. If we elect not to accept the offer within the thirty (30) day period, you shall have a period not to exceed sixty (60) days to complete the transfer subject to our approval of the third-party transferee of your rights, which may be withheld in our sole discretion. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

(c) Our failure or refusal to exercise the option afforded by this Section 7 shall not constitute a waiver of any other provision of this Agreement.

(d) If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly-traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by us, and such appraiser's determination shall be binding.

7.3 Our Rights to Assign Unrestricted. We may assign this Agreement or any ownership interests in us without restriction.

8. Franchisee's Covenant Not to Compete.

8.1 Non-Competition. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, and would be unable to encourage a free exchange of ideas and information among ColorOnly Express Salons franchises, if franchise owners of ColorOnly Express Salons franchises were permitted to hold interests in any competitive businesses (as described below). You further acknowledge that the following restraints are fair and reasonable, are required for the protection of our legitimate business interests, and do not impose any undue hardship on you. Therefore, during the Term, neither you, nor any Owner, nor any member of your immediate family or of the immediate family of any Owner, shall directly or indirectly have any direct or indirect interest as an owner, investor, partner, director, officer, employee, manager, consultant, representative, or agent in any business that offers products or services the same as or similar to those offered or sold at ColorOnly Express Salons franchises; provided, however, that the ownership of 1% or less of a publicly traded company will not be deemed to be prohibited by this Section 8.1. Your duties and obligations under this Section 8 shall survive for 2 years following any termination, expiration or approved transfer of this Agreement; provided, however, that following such termination, expiration, or approved transfer of this Agreement, this covenant shall only apply with respect to a competitive business that has a place of business located within a 20 mile radius of the: (i) the Development Area; and (ii) the location of any Business that is under development or in operation as of the date of such termination, whether developed and opened by us, you, or another franchisee.

8.2 Covenants of Others. The Owners personally bind themselves to this Section 8 by signing the Guarantee that is attached as Appendix C to this Agreement. You must also obtain from your officers, directors, managers, instructors, Owners' spouses, Practice Managers (as defined in the Initial Franchise Agreement) and other individuals that we may designate executed agreements containing nondisclosure and non-compete covenants similar in substance to those contained in this Section 8 as we prescribe in the Manuals and otherwise. The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them.

8.3 Enforcement of Covenants. You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section 8 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 8. You acknowledge that any breach or threatened breach of this Section 8 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 8. Such injunctive relief will be in addition to any other remedies that we may have.

9. Incorporation of Other Terms.

Section 9 (Confidential Information; Non-Competition and Other Covenants), Section 18 (Enforcement), Section 19 (Dispute Resolution), and Section 20 (Address for Notices) and Section 22 (Your Acknowledgements) of the Initial Franchise Agreement are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

10. Miscellaneous. Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Initial Franchise Agreement. This Agreement, together with the Initial Franchise Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:

ColorOnly Express Salons
Franchise Company, LLC

By:

Name:

Title:

Date:

AREA DEVELOPER:
[insert Area Developer name]

By:

Name:

Title:

Date:

APPENDIX A
TO THE
DEVELOPMENT AGREEMENT

FRANCHISEE-SPECIFIC TERMS

1. **Effective Date (First Paragraph):**

2. **Franchisee's Name:**

3. **Franchisee's State of Organization** *(if applicable):*

4. **Development Area (Section 1):**

   [provide list of counties or zip codes which make up the Development Area] [attach map if necessary]

5. **Total Development Fee (Section 2):** $

6. **Franchise Fee for each Business developed pursuant to this Development Agreement (Section 2):** $

7. **Development Schedule (Section 3)**: You agree to establish and operate a total of ___ Businesses within the Development Area during the term of this Agreement. The Businesses must be open and operating in accordance with the following Development Schedule:

MINIMUM NUMBER OF BUSINESSES The Minimum Number of Businesses Open and Operating by Each Opening Deadline	**OPENING DEADLINE** Deadline for Having the Minimum Number of Businesses Open and Operating
	___________, 20___ (the Expiration Date of the Agreement)

8. **Ownership of Franchisee (Recital C)**: If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Percentage Ownership
___________________________________	_______%
___________________________________	_______%
___________________________________	_______%
___________________________________	_______%

9. **Other Terms:**

Signature Page for Appendix A (Franchisee-Specific Terms)

FRANCHISOR:

ColorOnly Express Salons
Franchise Company, LLC

By:

Name:

Title:

Date:

AREA DEVELOPER:
[insert Area Developer name]

By:

Name:

Title:

Date:

APPENDIX B
TO THE
DEVELOPMENT AGREEMENT

Form of Franchise Agreement

[See Exhibit E to Franchise Disclosure Document]

APPENDIX C
TO THE
DEVELOPMENT AGREEMENT

OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the foregoing Area Development Agreement dated _______________ (the "Agreement") by and between ColorOnly Express Salons Franchise Company, LLC (referred to in this Guaranty as "we," "us," or "our") and _____________________________ as the Franchisee, each of the undersigned owners of the Franchisee (referred to in this Guaranty as "you" or "your"), hereby jointly and severally guarantee to us and our successors and assigns (the "Guaranty") personally and unconditionally: (1) that the Franchisee will timely pay and perform each and every covenant, payment, agreement and undertaking set forth in the Agreement; and (2) that each of you agree to be personally bound by, and personally liable for the prompt and full performance of, and any breach of, each and every provision in the Agreement, including, without limitation, monetary obligations, the obligations to take or refrain from taking certain actions, and arbitration of disputes.

Each of you waive: (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchisee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as a guarantor.

Each of you consent and agree that: (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchisee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, renewal, compromise, settlement, release, credit or other indulgence which we may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; (5) by signing this Agreement you are confirming that you are bound to the non-disclosure and non-competition/restrictive covenant provisions applicable to the Franchisee contained in Section 8 of the Agreement; (6) this Guaranty will continue and be irrevocable during the Term of the Agreement and afterward for so long as the Franchisee has any obligations under the Agreement; and (7) this Guaranty shall be binding on your respective heirs, legal representatives, successors and assigns.

You jointly and severally agree to pay all expenses paid or incurred by us in enforcing the Agreement and this Guaranty against Franchisee and you and in collecting or attempting to collect any amounts due, including reasonable attorneys' fees if such enforcement or collection is by or through an attorney.

You agree that all actions relating to or arising from this Guaranty shall be filed exclusively in the appropriate federal or state court in the state and county where we have our principal executive office. The undersigned hereby waives any rights or objections to the jurisdiction or venue of any such actions when filed in such courts.

Upon our request, you shall provide current personal financial statements to us. You also agree that we have the right at any time to conduct credit checks of you and you hereby consent to us conducting such credit checks and to the information provider disclosing your information to us.

This Guaranty may be executed with full legal force and effect by manual or electronic signatures. This Guaranty is executed as of the effective date of the Agreement.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written.

GUARANTORS:
(add more as needed)

Signature: ___________________________
Name: ______________________________
Address: ____________________________
Date: _______________________________

Signature: ___________________________
Name: ______________________________
Address: ____________________________
Date: _______________________________

EXHIBIT G

FORM OF GENERAL RELEASE

GENERAL RELEASE OF CLAIMS

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release of Claims ("Release") is made as of the date signed below, by the individual or entity listed below as franchisee ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of COLORONLY FRANCHISE COMPANY, LLC ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a COLORONLY EXPRESS SALON business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] OR [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such; and

WHEREAS, as a condition to Franchisor's consent, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the state where the Franchised Business is located.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page follows]

Signature Page to General Release Form

IN WITNESS WHEREOF, Releasor has executed this Release as of the date signed below.

FRANCHISEE:

[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISEE'S OWNERS:
(add more lines signature lines as necessary)

Signature:

Name:

Date:

Signature:

Name:

Date:

EXHIBIT H

FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENT

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE.]

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT

[Sample ONLY]

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[On the Line Below, Insert Name of Franchisee that Owns and Operates the COLORONLY EXPRESS SALON Franchised Business]

____ (hereinafter referred to as "us", "our" or "we")

Recitals and Representations

WHEREAS, we are the owners of a licensed COLORONLY EXPRESS SALON Business (hereinafter referred to as the "COLORONLY EXPRESS SALON Business") that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a COLORONLY EXPRESS SALON Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, COLORONLY FRANCHISE COMPANY, LLC is not a party to this agreement and does not own or manage the COLORONLY EXPRESS SALON Business but is an intended third-party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the COLORONLY EXPRESS SALON Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Business Management System" refers to and means the software and/or internet or cloud-based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the COLORONLY EXPRESS SALON Business.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the COLORONLY EXPRESS SALON Business.

"Confidential Information" refers to and means: (a) non-public methods, specifications, standards, policies,

procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the COLORONLY EXPRESS SALON Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the COLORONLY EXPRESS SALON Business; (c) customer lists and information related to the COLORONLY EXPRESS SALON Business; (d) Business Management System Data; I current and future information contained in the COLORONLY EXPRESS SALON Operations Manual made available to the COLORONLY EXPRESS SALON Business by COLORONLY FRANCHISE COMPANY, LLC; and (e) production and service procedures that are not disclosed to the public but used by the COLORONLY EXPRESS SALON Business.

"*Digital Media*" refers to and means any interactive or static electronic document, application or media including, but not limited to, WWW.COLORONLY.COM, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, Snapchat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the COLORONLY EXPRESS SALON Business or other COLORONLY EXPRESS SALON Businesses.

"Licensed Marks" refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a COLORONLY EXPRESS SALON Business, including, but not limited to, the "COLORONLY EXPRESS SALON" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a COLORONLY EXPRESS SALON Business.

"Operations Manual" refers to and means the confidential operations manual made available to the COLORONLY EXPRESS SALON Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one of more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet-based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

"Trade Dress" refers to and means the COLORONLY EXPRESS SALON designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the COLORONLY EXPRESS SALON Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the COLORONLY EXPRESS SALON Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the COLORONLY EXPRESS SALON Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that: (i) the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor, COLORONLY FRANCHISE COMPANY, LLC, and other COLORONLY EXPRESS SALON franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our franchisor, COLORONLY FRANCHISE COMPANY, LLC, to injunctive relief. You agree that we and/or our franchisor, COLORONLY FRANCHISE COMPANY, LLC, may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed one thousand dollars ($1,000.00). None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, COLORONLY FRANCHISE COMPANY, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD-PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

RESTRICTED PARTY

Signature:

Name:

Date:

EXHIBIT I

STATE SPECIFIC ADDENDA

The following modifications are made to this Disclosure Document given to you and may supersede, to the extent then-required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated as of the Effective Date set forth in your Franchise Agreement. When the term "Franchisor's Choice of Law State" is used, it means the laws of the state of FLORIDA, subject to any modifications as set forth in the addenda below. When the term "Supplemental Agreements" is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. These State Specific Addenda ("Addenda") modify the agreements to comply with the state's laws. The terms of these Addenda will only apply if you meet the requirements of the applicable state, independent of your signing the appropriate Addenda. The terms of the Addenda will override any inconsistent provision in the FDD, Franchise Agreement, or any Supplemental Documents. These Addenda are only applicable to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign the signature page to the Addenda along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange

ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

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

3. The Franchise Agreement and the Development Agreement contain provisions requiring application of the laws of FLORIDA. This provision may not be enforceable under California law.

4. The Franchise Agreement and the Development Agreement require venue to be limited to FLORIDA. This provision may not be enforceable under California law.

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

6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. 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.

9. The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in FLORIDA. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

HAWAII

The following paragraphs are added in the state cover pages:

THESE FRANCHISES WILL HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Franchise Disclosure Document for COLORONLY FRANCHISE COMPANY, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

> This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., are met independently without reference to this Addendum to the disclosure document.

ILLINOIS

Illinois law governs the Disclosure Document and Franchise Agreement(s).

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

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

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

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

INDIANA

Notwithstanding anything to the contrary set forth in the Franchise Agreement or Area Development Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Franchise Agreement and Area Development Agreement will be governed by Indiana law. Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Franchise Agreement and Area Development Agreement.

2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Franchise Agreement and the Area Development Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. The post-termination non-competition covenants set forth in the Franchise Agreement and Area Development Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.

5. Nothing in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.

6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

____________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to COLORONLY FRANCHISE COMPANY, LLC – 4020 Galt Ocean Drive, Ste. 301, Fort Lauderdale, FL 33308, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

MARYLAND

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement or Area Development Agreement and will apply to all franchises offered and sold under the laws of the State of Maryland:

Item 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. No release language in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.

3. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

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

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

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

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

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.[1]

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

    (i) the failure of the proposed franchisee to meet the franchisor's then-current reasonable qualifications or standards;

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

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

[1]NOTE: Notwithstanding paragraph (f) above, we intend to fully enforce the provisions of the arbitration section of our agreements. We believe that paragraph (f) is preempted by the Federal Arbitration Act and that paragraph (f) is therefore unconstitutional.

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

*****

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

*****

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor must, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

*****

The name and address of the franchisor's agent in this state authorized to receive service of process is: Michigan Department of Commerce, Corporation and Securities Bureau, 6546 Mercantile Way, P.O. Box 30222, Lansing, MI 48910.

Any questions regarding this notice should be directed to:

Department of the Attorney General's Office
Corporate Oversight Division
Attn: Franchise
670 G. Mennen Williams Building
Lansing, MI 48913

MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

3. No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Area Development Agreement.

5. Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

NEW YORK

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF NEW YORK

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

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

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

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

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

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

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

d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust; trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the "Summary" section of Item 17(v), titled **"Choice of forum",** and Item 17(w), titled **"Choice of Law"**:

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

NORTH DAKOTA

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 5 "Initial Fees," is supplemented by the addition of the following:

> Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

Item 6 "Other Fees," is supplemented by the addition of the following:

> No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

Item 17 "Renewal, Termination, Transfer and Dispute Resolution," is supplemented by the addition of the following:

> Any provision requiring a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
>
> Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
>
> Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.
>
> Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.
>
> Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.
>
> Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or

inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials: ____________________ Date: _______________

NOTICE OF CANCELLATION

____________________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to COLORONLY FRANCHISE COMPANY, LLC – 4020 Galt Ocean Drive, Ste. 301, Fort Lauderdale, FL 33308, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

FRANCHISEE

Signed:

Name:

Date:

RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for COLORONLY FRANCHISE COMPANY, LLC, for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17:

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

WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

SIGNATURE PAGE FOR APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, and any Supplemental Agreements entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, or Supplemental Agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California
☐ Hawaii
☐ Illinois
☐ Iowa
☐ Indiana
☐ Maryland
☐ Michigan
☐ Minnesota
☐ New York
☐ North Dakota
☐ Ohio
☐ Rhode Island
☐ South Dakota
☐ Virginia
☐ Washington
☐ Wisconsin

Date:___________________

FRANCHISOR:

COLORONLY FRANCHISE COMPANY, LLC

Name:

Title:

FRANCHISEE:

FRANCHISEE

Name:

Title:

EXHIBIT J

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed or registered as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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 ColorOnly Franchise Company, 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. Florida requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If ColorOnly Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency.

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

Stephen Drescher - 4020 Galt Ocean Drive, Suite 301, Fort Lauderdale, FL 33308 – (954) 869-3030

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):

Name:
Address:
Phone:

Issuance Date: May 1, 2023

I received a Disclosure Document that included the following Exhibits:

A. Financial Statements
B. List of State Administrators and Agents for Service of Process
C. List of Current and Former Franchisees
D. Operations Manual Table of Contents
E. Franchise Agreement with Attachments
F. Area Development Agreement with Attachments
G. Form of General Release
H. Form of Confidentiality and Noncompete Agreement
I. State Specific Addenda
J. State Effective Dates
Receipts

Signature:

Print Name:

Date Received:

PLEASE SIGN AND KEEP THIS COPY FOR YOUR RECORDS.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ColorOnly Franchise Company, 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 requires that you be given this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If ColorOnly Franchise Company, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and any applicable state agency.

This franchise is being offered by the following seller(s) at the principal business address and phone number listed below (check all that have been involved in the sales process):

Stephen Drescher - 4020 Galt Ocean Drive, Suite 301, Fort Lauderdale, FL 33308 – (954) 869-3030

Franchise Brokers, Consultants, or Franchise Development Company Representatives (if any):
Name:
Address:
Phone:

Issuance Date: May 1, 2023

I received a Disclosure Document that included the following Exhibits:

A. Financial Statements
B. List of State Administrators and Agents for Service of Process
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J. State Effective Dates
Receipts

Signature:

Print Name:

Date Received:

RETURN THIS COPY TO US: ColorOnly Franchise Company, LLC
c/o Stephen Drescher
4020 Galt Ocean Drive, Suite 301
Fort Lauderdale, FL 33308
Franchising@coloronly.com