FRANCHISE DISCLOSURE DOCUMENT

Comfort Dental Group, Inc.
A Colorado Corporation
2540 Kipling Street
Lakewood, Colorado 80215
Telephone: 303-202-9449
Email: cmbloss@comfortdental.biz
www.ComfortDental.com

Comfort Dental Group, Inc., a Colorado corporation, is offering franchises for the operation of dental offices under the service mark "**Comfort Dental**." The total estimated investment necessary to begin operation of a COMFORT DENTAL Dental Office ranges from $802,400 to $841,500. This includes between $770,000 and $811,500 that must be paid to the franchisor or affiliates. You must be a licensed dentist to purchase this franchise.

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 government agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Graig Bears, Esq. at 2540 Kipling Street, Lakewood, Colorado 80215, (303) 202-9449.

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

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

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

ISSUANCE DATE:
April 29, 2024

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20, Exhibit C or Exhibit D.
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 the support to my business?	Item 21 or Exhibit F includes the 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 COMFORT DENTAL 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 COMFORT DENTAL franchisee?	Item 20 or Exhibit C and Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know about Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchisor 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 risks be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Colorado. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Colorado than in your own state.
2. **Financial Condition of Franchisor.** The franchisor's financial condition, as reflected in its financial statements (see Exhibit F), calls into question the Franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.

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

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Exhibits

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is Comfort Dental Group, Inc. (referred to as "**we**," "**us**," "**our,**" "**CDGI**" or "**Comfort Dental**" in this Disclosure Document). "**You**" means the individual, partnership or other legal entity purchasing the franchise. If you are a corporation, partnership or limited liability company, certain provisions of the Franchise Agreement will also apply to the owners and will be noted.

Franchisor, Parents, Predecessors and Affiliates

Comfort Dental was incorporated in Colorado on September 9, 1993. Our principal business address is 2540 Kipling Street, Lakewood, Colorado 80215. We do business under our corporate name and the service mark COMFORT DENTAL and related logos, service marks, commercial symbols and trademarks (together, the "**Marks**"). We have no parents or predecessors.

BINK'M Company, LLC, a Wyoming limited liability company ("**BINK'M**"), is an affiliate of Comfort Dental. Its principal business address is 2540 Kipling Street, Lakewood, Colorado 80215. Since 1993, BINK'M has owned and managed real estate and buildings which are leased to COMFORT DENTAL franchisees. M'KNIB Company, a Colorado corporation ("**M'KNIB**"), is an affiliate of Comfort Dental. Its principal business address is 2540 Kipling Street, Lakewood, Colorado 80215. Since 1995, M'KNIB has provided property management and other services for the properties owned or leased by BINK'M. Budget Dental Lab, LLC, a Colorado limited liability company ("**Budget Dental Lab**") is a subsidiary of M'KNIB. Its principal business address is 9990 West 26th Avenue, Suite 200, Lakewood, Colorado 80215. Since 1993, Budget Dental Lab has provided dental laboratory services to COMFORT DENTAL franchisees, subfranchisees and other dental practices. CD Marketing, LLC, a Colorado limited liability company ("**CD Marketing**") is another subsidiary of M'KNIB. Its principal business address is 2540 Kipling Street, Lakewood, Colorado 80215. CD Marketing has provided some advertising services and has administered the COMFORT DENTAL marketing fund on behalf of CDGI since 2013. RAK Trademarks, LLC, a Colorado limited liability company ("**RAK**"), is an affiliate of Comfort Dental. Its principal business address is 17404 West 53rd Drive, Golden, Colorado 80403. Since January 2010, RAK has owned the Marks and licensed them to Comfort Dental and other licensees, as further described in Item 13. BINK'M, M'KNIB, Budget Dental Lab, and RAK have never offered franchises in any line of business. Comfort Smile, LLC, a Colorado limited liability company ("**Comfort Smile**"), and formerly Comfort Smile, P.C. is an affiliate of Comfort Dental. Its principal business address is 2540 Kipling Street, Lakewood, Colorado 80215. From 1998 to 2016, Comfort Smile offered orthodontic care franchises in Colorado doing business as "Comfort Dental Braces" and "Comfort Smile Center."

Agents for Service of Process

Our agent for service of process is Dr. Rick A. Kushner. His principal business address is 2540 Kipling Street, Lakewood, Colorado 80215. We also authorize the state agencies identified in Exhibit A to receive service of process for us in those states.

Franchisor's Business and a Description of the Franchise Being Offered

Under this Disclosure Document we offer general dental care franchises that use Comfort Dental's proprietary methods of providing moderately priced dental services (the "**Franchised Business**") in a particular geographic location (the "**Dental Office**"). If you become a franchisee, you will be responsible for soliciting and providing full dental services in your Dental Office. We do not operate any Dental Offices of the type offered in this Disclosure Document.

Under separate disclosure documents, we offer (i) franchises for the operation of pedodontics care franchises, doing business as COMFORT DENTAL KIDS, (ii) franchises for the operation of orthodontic care franchises, doing business as COMFORT DENTAL BRACES, (iii) master franchises to subfranchisors to sell general dental care subfranchises to subfranchisees located in a particular geographic area, (iv) master franchises to subfranchisors to sell COMFORT DENTAL BRACES subfranchises to subfranchisees and (v) master franchises to subfranchisors to sell COMFORT DENTAL KIDS subfranchises to subfranchisees.

Market Competition

The market for the services you will offer consists of members of the general public seeking dental services with an emphasis on moderate-income individuals and families. The market for dental services is a developed market and you will be competing with many other businesses providing dental services, including individual and other group dental practices as well as other national chains.

Applicable Regulations

A Franchised Business must be owned and operated by an entity that complies with all applicable laws. The states may have specific and comprehensive laws covering the practice of dentistry and state licensure (*e.g.*, Colorado Revised Statutes §12-35-101 *et seq.*). State statutes may establish a state board of dental examiners that regulates the practice of dentistry in each state, including the issuance of licenses, the suspension or revocation of licenses, and the discipline of dentists and dental hygienists for unprofessional or other inappropriate conduct. State statutes may specifically require that any owner of a place where dental operations are performed be a graduate of an accredited dental school and has been issued a license by the corresponding board of dental examiners. We require that all owners of your franchisee entity are licensed to practice dentistry in the state where the Dental Office is located and that each owner maintain their license from the state throughout the term of the franchise agreement. Also, state statutes may set forth what tasks may be performed by dental hygienists and dental assistants. In addition, state authorities may have the authority to issue further regulations regarding the practice of dentistry. In California, the Dental Board of California regulates the practice of dentistry.

It will be your responsibility to comply with any laws affecting your Franchised Business. For example, you must comply with the anti-kickback provisions in the federal Social Security Act, which prohibit the payment or receipt of any consideration either in return for the referral of patients' care opportunities paid by a federal health care program such as the Department of Veteran's Affairs ("**VA**"), or in return for the purchase of goods or services paid by a federal health care program such as the VA. This federal anti-kickback law has been interpreted to cover a wide range of activities. In addition, some states have anti-kickback laws that may apply to patients regardless of their health insurance coverage. You must determine if you are a covered entity, as defined by the federal Health Insurance Portability and Accountability Act of 1996, as amended ("**HIPAA**"), and if you are, you must comply with HIPAA when accessing, receiving, maintaining, storing, using and disclosing Protected Health Information. In some circumstances, CDGI or its affiliates may be a Business Associate of yours as described in the Franchise Agreement. A Business Associate Agreement is attached to the Franchise Agreement as Exhibit X. There may be other state, local or federal regulations specific to the operation of a Franchised Business in your area.

If you choose to participate in a federally-sponsored program such as Medicaid, you must also follow state and federal health insurance and Medicaid procedures, if you are Medicaid certified, and VA rules, if you provide services to veterans paid by the veteran's pension. You must stay informed about any applicable changes to these laws. You are responsible for learning about and complying with all applicable state and federal laws and regulations. You should also familiarize yourself with federal, state or local laws of a more general nature that may affect the operation of your Franchised Business. You should consult with your attorney to determine the applicability of these laws to the Franchised Business.

Many states have laws related to the corporate practice of dentistry (*e.g.*, California Business & Professional Code §1625 and §1625.1 defines the practice of dentistry and prohibits business corporations from the practice of dentistry). We are not licensed to practice dentistry in any state. We do not engage in the practice of dentistry and the Franchise Agreement will in no way interfere, affect, or purport to limit the independent exercise of professional judgment by you, your employees, or agents. All medical- and dental-related decisions, acts or omissions made by, or in connection with any person in any way associated with you or your franchise will be the decisions, acts or omissions of the individual professionals involved and will not be affected by us. We will not control your clinical decisions, including patient diagnosis, referrals to specialists, diagnostic testing, the contents or ownership of a patient's dental records or treatment planning. Patient care decisions are your sole responsibility.

Many states also have laws related to the splitting or sharing of fees received for patient treatment. These laws greatly vary in their scope. For example, in California, Cal. Bus. & Prof. Code §650(b) allows dentists to share a percentage of gross revenues as long as the payment is not in exchange for the referral of patients and the payment is commensurate with services received. In Colorado, Colorado Revised Statutes §12-35-129(1)(v)(ii) specifically exempts the payment of a royalty fee from an otherwise broad fee sharing prohibition. While the Colorado fee splitting law is explicit, we believe the Franchise Agreement complies with the California fee splitting law because the royalty fee paid is proportionate to the services provided by us (license to use the Comfort Dental service marks, continuing franchisee support and training, marketing, vendor vetting and contracting, Franchised Business development).

Business Experience

CDGI has offered franchises for Dental Offices since 1993. As of the date of this Disclosure Document, there are 94 COMFORT DENTAL Dental Offices located in Arizona, Colorado, Kansas, Missouri, Montana, and Oklahoma. Since 2005, CDGI has offered master franchises to sell COMFORT DENTAL general dental subfranchises doing business as COMFORT DENTAL. As of the date of this Disclosure Document, there are six COMFORT DENTAL master franchises located in New Mexico, Ohio, Texas, Washington and Colorado. Since 2005, CDGI has offered master franchises to sell orthodontic care subfranchises doing business as COMFORT DENTAL BRACES. As of the date of this Disclosure Document, there are five COMFORT DENTAL BRACES master franchises located in New Mexico, Ohio, Texas and Washington. Since 2009, CDGI has offered master franchises to sell pedodontic care subfranchises doing business as COMFORT DENTAL KIDS. As of the date of this Disclosure Document, there are five COMFORT DENTAL KIDS master franchises located in New Mexico, Ohio, Washington and Texas. CDGI has offered COMFORT DENTAL ORAL SURGERY franchises in Colorado since 2017 on a test basis to existing general dental franchisees who completed training for oral surgery. As of the date of this Disclosure Document, there are two COMFORT DENTAL ORAL SURGERY franchised offices in Colorado. Comfort Smile offered COMFORT DENTAL BRACES franchises in Colorado from 1998 to 2016. CDGI began offering COMFORT DENTAL BRACES franchises in Arizona in 2012, in Kansas in 2019, and in Missouri in 2020. As of the date of this Disclosure Document, there is one COMFORT DENTAL BRACES franchised office in Arizona, there is one COMFORT DENTAL BRACES franchised office in Kansas, and there are three COMFORT DENTAL BRACES franchised offices in Missouri. CDGI began offering COMFORT DENTAL BRACES and COMFORT DENTAL KIDS franchises in Colorado in 2016. As of the date of this Disclosure Document, there are 17 COMFORT DENTAL BRACES franchised offices in Colorado and five COMFORT DENTAL KIDS franchised offices in Colorado. Other than as described, neither CDGI nor its affiliates have offered franchises in any other line of business.

ITEM 2

BUSINESS EXPERIENCE

President and Chief Executive Officer: Rick A. Kushner, D.D.S.

Dr. Rick Kushner is the founder of Comfort Dental and has been its President and Chief Executive Officer since its incorporation on September 9, 1993. From August 1995 to present, Dr. Kushner has been an owner and manager of M'KNIB. From January 1996 to present, Dr. Kushner has been an owner, President and Chief Executive Officer of Comfort Smile. From August 1993 to present, Dr. Kushner has been a manager of BINK'M.

Secretary: Bruce Irick, D.D.S.

Dr. Bruce Irick has been the Secretary of Comfort Dental since July 1993. From August 1993 to present, Dr. Irick has been a member of BINK'M. From August 1995 to present, Dr. Irick has been an owner of M'KNIB. From January 1999 to present, Dr. Irick has been an owner of Comfort Smile. From March 2006 to present, Dr. Irick has offered COMFORT DENTAL subfranchise opportunities in New Mexico as the Chief Executive Officer of Comfort Dental Inc. of New Mexico.

Vice President and Treasurer: Mike Bloss, D.D.S.

Dr. Mike Bloss has been a Vice President of Comfort Dental since January 2014. From January 1994 to present, Dr. Bloss has served as the Treasurer of Comfort Dental. From August 1993 to present, Dr. Bloss has been a member of BINK'M. From August 1995 to present, Dr. Bloss has been an owner of M'KNIB. From January 1999 to present, Dr. Bloss has been an owner of Comfort Smile. From April 2001 to January 2014, Dr. Bloss was a member of EmBraceable, LLC, a Colorado limited liability company operating three Comfort Smile Centers.

Vice President: Roy Martin, D.D.S.

Dr. Roy Martin has been a Vice President of Comfort Dental since its incorporation on September 9, 1993. From January 1994 until present, Dr. Martin has been a shareholder of Comfort Dental. From August 1993 until present, Dr. Martin has been an owner of BINK'M, M'KNIB and Comfort Smile.

Vice President of Marketing: Heath Colledge, D.M.D.

Dr. Heath Colledge has been a Vice President of Marketing of Comfort Dental since May 2021. From May 2021 until present, Dr. Colledge has been a shareholder of Comfort Dental. From May 2021 until present, Dr. Colledge has been an owner of BINK'M, M'KNIB, and Comfort Smile. From May 2009 until present, Dr. Colledge has been an owner of and practicing dentist at Golden Dental Partners, Prof. LLP, a Comfort Dental franchise located in Golden, Colorado.

Vice President of Franchisee Recruitment: Matt Carlston, D.M.D.

Dr. Matt Carlston has been the Vice President of Franchisee Recruitment of Comfort Dental since May 2021. From May 2021 until present, Dr. Carlston has been a shareholder of Comfort Dental. From May 2021 until present, Dr. Carlston has been an owner of BINK'M, M'KNIB, and Comfort Smile. From May 2017 until present, Dr. Carlston has been an owner of and practicing dentist at Colorado and Yale Dental Partners, Prof. LLP, a Comfort Dental franchise located in Denver, Colorado.

Chief Operations Officer: Paul Kushner

Paul Kushner has been the Chief Operations Officer of Comfort Dental since January 2014. From August 2007 to January 2014, Mr. Kushner was the Vice President of Real Estate Development and Operations for Comfort Dental. From November 2010 to January 2016, Mr. Kushner was a member of CDWA, LLC, a COMFORT DENTAL subfranchisor.

Vice President of Operations: Cindy Kushner

Cindy Kushner has been the Vice President of Operations of Comfort Dental since its incorporation on September 9, 1993. From August 1995 until present, Mrs. Kushner has also been the Vice President of Operations and Manager of M'KNIB. Mrs. Kushner has also been the president of T K Investment Corp., a Colorado real estate investment corporation, since its incorporation on May 31, 1979.

Corporate Counsel: Graig W. Bears, Esq.

Graig Bears has been employed by Comfort Dental as its corporate counsel since October 2001. From November 2010 to January 2016, Mr. Bears served as the Manager of CDWA, LLC, a COMFORT DENTAL subfranchisor. From January 2022 until present, Mr. Bears has been a shareholder of Comfort Dental. From January 2022 until present, Mr. Bears has been an owner of M'KNIB and BINK'M.

ITEM 3

LITIGATION

1. *State of Washington Department of Health*, Case Nos. 2014-4364(DE/UL) and 2014-5903(DE/UL), 2014-5904(DE/UL) (March 20, 2015). The Washington Department of Health received a complaint alleging that CDGI and CDWA, LLC, a COMFORT DENTAL Master Franchisor, were engaged in the corporate practice of dentistry and the Washington Department of Health opened an investigation in March 2015. This investigation was resolved by the Order effective on March 8, 2017, in the action described in paragraph 6 below.

2. *CDMO, Inc. & CDET, Inc. v. Comfort Dental Group, Inc.*, Civil Action No. 1:14-cv-00871-RPM-MJW (U.S. Dist. Ct. Colo.). CDMO, Inc. and CDET, Inc. ("**Plaintiffs**") were both Master Franchisors of Comfort Dental Group, Inc. ("**Respondent**"). On March 26, 2014, Plaintiffs filed litigation against Respondent asserting claims for declaratory judgment, fraudulent inducement, breach of contract and breach of the covenant of good faith and fair dealing. Respondent denied all claims. On November 22, 2016, the parties resolved this action, the action described in paragraph 3 below, and other related actions not involving the Respondent, by entering into a Separation, Settlement Agreement and Release under which the parties terminated their business relationships, including all franchise and related agreements, Plaintiffs assigned various subfranchise agreements to Respondent and Respondent purchased certain assets from Plaintiffs for net consideration of $1,520,000. The Court dismissed this case with prejudice on November 30, 2016.

3. *Smile One, Prof. LLC, Dr. Craig Bahr, and Dr. Carl Bahr v. Comfort Dental Group, Inc., Comfort Smile, P.C., Rick Kushner, Graig Bears, Neil Norton, and Mike Bloss*, Case No. 01-15-0004-8922 (American Arbitration Association). Plaintiff Smile One, Prof. LLC ("**Smile One**") was a Master Franchisor of Comfort Dental. Smile One is owned by Drs. Craig and Carl Bahr (together with Smile One, "**Plaintiffs**"). On September 4, 2015, Plaintiffs filed an arbitration demand and complaint asserting claims against Comfort Dental, Comfort Smile, Rick Kushner, Neil Norton, Graig Bears, and Mike Bloss (collectively, "**Respondents**") for breach of contract, breach of the covenants of good faith and fair dealing, fraudulent misrepresentation, breach of fiduciary duty, violation of the Colorado Consumer Protection Act, civil conspiracy, tortious interference, and promissory estoppel. On September 23, 2015, Respondents answered the Complaint by denying all of Plaintiffs' claims and asserting counterclaims for breach of contract, breach of guaranty, unjust enrichment, trademark infringement, unfair competition, and intentional interference of contract. On November 22, 2016, the parties resolved this action, the action described in paragraph 2 above, and other related actions not involving the Respondents, by entering into a Separation, Settlement Agreement and Release under which the parties terminated their business relationships, including all franchise and related agreements, Plaintiffs assigned various subfranchise agreements to Respondents and Respondents purchased certain assets from Plaintiffs for net consideration of $1,520,000. This arbitration was closed on December 1, 2016.

4. *Stipulated Cease and Desist Order in the Matter of the Unauthorized Medicaid Billing by Claude Michael Bloss, D.D.S.*, Case No. 2015-4120-B (Colorado Dental Board, State of Colorado). On January 29, 2016, Panel B of the Colorado Dental Board (the "**Board**") determined that Dr. Bloss wrongfully believed that his actions of billing for orthodontic services under another dentist's National Provider Identifier were compliant with applicable law. Consequently, the Board ordered Dr. Bloss to cease and desist from the submission of Medicaid billings under another dentist's National Provider Identifier.

5. *In the Matter of Comfort Dental Group, Inc., Rick Kushner, Neil Norton and Graig Bears*, Order No. S-11-0766-12-CO01 (State of WA, Dept. of Financial Institutions Securities Division). On May 1, 2012, Comfort Dental Group, Inc., Rick Kushner, Neil Norton and Graig Bears (collectively, the "**Respondents**") entered into a Consent Order in which they neither admitted nor denied findings of fact and conclusions of law made by the Department of Financial Institutions, Securities Division, for the State of Washington (the "**Securities Division**"). The Securities Division alleged, in connection with the offer and sale of COMFORT DENTAL franchises (i) that the Respondents failed to provide prospective purchasors with a disclosure document; (ii) that CDGI was not currently registered to sell franchises in the State of Washington; (iii) that Comfort Dental Group offered and sold unregistered COMFORT DENTAL franchises; and (iv) that Comfort Dental Group, Inc. and Rick Kushner provided franchisees with financial performance representations without providing the material basis for the information and written substantiation of the representations, each in violation of the Franchise Investment Protection Act of Washington (the "**Act**"). Based on the foregoing, Respondents agreed that they would comply with the Act and pay $7,688 to the Securities Division for costs and expenses.

6. *State of Washington, Department of Health*, Case Nos. M2016-153, M2016-154, M2016-156, M2016-695. On July 5, 2016, the Washington Department of Health served a Notice of Intent to Issue Cease and Desist Order on Comfort Dental Group, Inc., Kent McMahan, Graig Bears and CDWA, LLC (together, "**Respondents**"), alleging that Respondents engaged in the unlicensed practice of dentistry. Respondents agreed to an Order effective March 8, 2017, agreeing to cease and desist from conduct constituting the practice of dentistry in Washington, revise the terms of subfranchise agreements, and pay a fine of $25,000. The Order in this case also resolved the investigation described in the first paragraph above.

7. *Gutierrez and Montoya v. Bogopane, Lighthall, Greene, Dental Partners of Cottonwood, LLP, Dental Partners of Rio Rancho, LLC, Irick, Comfort Dental Inc. of New Mexico, Kushner, Comfort Dental*

Group, Inc., and John and Jane Does 1-20, N.M. County of Bernalillo, 2d Judicial Dist. Ct., Case no. D202CV201805811. Plaintiff Gutierrez is a former patient of respondent Bogopane ("**Bogopane**"), a general dentist and owner of a Comfort Dental subfranchisee, Dental Partners of Cottonwood, LLP. Plaintiff Montoya is the husband of Gutierrez (Gutierrez and Montoya collectively, "**Plaintiffs**"). On August 6, 2018, Plaintiffs filed a complaint against Bogopane, Dr. Lighthall, Dr. Greene, Dental Partners of Cottonwood, LLP, subfranchisee Dental Partners of Rio Rancho, LLC, Dr. Irick ("**Irick**"), subfranchisor Comfort Dental Inc. of New Mexico, Dr. Kushner ("**Kushner**"), CDGI, and John and Jane Does 1-20 (collectively, "**Respondents**") alleging negligence, negligence per se, violation of the New Mexico Unfair Practices Act, misrepresentation, fraud and breach of contract, loss of consortium, and spoliation of evidence. CDGI, Irick, and Kushner have denied all claims against them. On August 20, 2019, the court granted CDGI's motion for summary judgment and dismissed the case with prejudice.

8. *Padilla v. Comfort Dental Group, Inc., Comfort Dental Inc. of New Mexico, Dental Partners of Lomas, LLC, Budget Dental Lab, LLC, Tharp, John Doe 1, and Jane Does 1 and II.* N.M. County of Bernalillo, 2d Judicial Dist. Ct., Case no. D202CV201600126. Padilla ("**Plaintiff**") is a former patient of respondent Tharp ("**Tharp**"), a general dentist and former owner of a Comfort Dental subfranchisee, respondent Dental Partners of Lomas, LLC ("**Lomas**"). In March 2016, Plaintiff filed an amended complaint against Tharp, Lomas, CDGI, Budget Dental Lab, LLC, subfranchisor Comfort Dental Inc. of New Mexico, John Doe I, and Jane Does I and II, alleging negligence, vicarious liability, violations of the New Mexico Unfair Trade Practices Act, and breach of express and implied warranties. In September 2018, Budget Dental Lab paid $10,000 to Plaintiff to settle all claims against it and the claims were dismissed. On February 20, 2020, CDGI paid $25,000 to Plaintiff to settle all claims against it and the claims were dismissed.

9. *Comfort Dental Group, Inc. v. Dr. David Lindman, D.D.S. v. Dr. Ramsey Warner, D.D.S. and Dr. Owen Eames, D.D.S.,* Case no. 02-20-0014-9645 (Am. Arb. Ass'n). On September 21, 2020, CDGI filed a Demand for Arbitration and Request for Mediation against former franchise owner Dr. David Lindman ("**Lindman**"), alleging breach of the Franchise Agreement and approximately $145,000 owed to CDGI. Lindman counterclaimed alleging fraudulent inducement, breach of contract, breach of the covenant of good faith and fair dealing, unjust enrichment, intentional interference with contract, and that the franchise agreement was void for illegality and against public policy. Lindman also asserted third-party claims against his former partners, Drs. Warner and Eames (collectively, "**Third-Party Defendants**"). CDGI denied all claims against it. On January 11, 2021, the parties settled these claims in an agreement whereby Third-Party Defendants agreed to pay $147,000 to CDGI in exchange for Lindman's assignment of his interest in the Franchise Agreement to Third-Party Defendants. The arbitration was dismissed on January 20, 2021.

10. *Grano v. Eric Pacheco, DDS, Dental Partners of Brentwood Hills, LLC, Dental Partners of Alameda, LLC, Comfort Dental Inc. of New Mexico, Comfort Dental Group, Inc., and Rick Kushner, DDS,* N.M. County of San Miguel, 4th Judicial Dist. Ct., Case no. D-412-CV-202000082. Grano ("**Plaintiff**") is the personal representative of the estate of Joseph Romero, a former patient of defendant Eric Pacheco ("**Pacheco**"), a dentist and owner of a CDGI subfranchise, defendant Dental Partners of Alameda, LLC ("**Alameda**") and former owner of CDGI subfranchisee, Dental Partners of Brentwood Hills, LLC ("**Brentwood**"). On February 17, 2021, Plaintiff filed an amended complaint against Pacheco, Alameda, Brentwood, Comfort Dental Inc. of New Mexico, CDGI and Rick Kushner alleging dental negligence, violations of the New Mexico Unfair Trade Practices Act, violations of the Federal False Claims Act, civil conspiracy, and vicarious liability. CDGI and Kushner denied all claims against them. In June 2023, the court granted CDGI's and Kushner's motion for summary judgment on all claims against them. In August 2023, in order to avoid additional attorney's fees to defend Plaintiff's appeal, CDGI contributed $12,500 to a global settlement of all claims. On November 27, 2023, the court dismissed the lawsuit with prejudice.

11. *Rajabi v. Comfort Dental Group, Inc., Colorado and Yale Dental Partners, Prof. LLP, Dr. Matthew David Carlston, Englewood Dental Partners, Prof. LLP, Dr. Amy Irene Hazen, and Dr. Hillery J. Oliver*, Dist. Ct. for the City and County of Denver, CO, Case no. 2021CV201. Rajabi ("**Plaintiff**") is a former patient of defendant Colorado and Yale Dental Partners, Prof. LLP ("**C&Y**"), a CDGI franchisee. On April 21, 2021, Plaintiff, acting *pro se,* filed a complaint against CDGI, C&Y, Englewood Dental Partners, and Drs. Carlston, Hazen and Oliver alleging dental negligence, failure to obtain informed consent, breach of warranties, breach of contract, negligent misrepresentation, deceptive trade practices, and vicarious liability, related to services rendered to Plaintiff by C&Y. The court granted a motion to dismiss Dr. Carlston on December 1, 2021, and CDGI was dismissed on January 13, 2022.

Other than the eleven actions listed above, no litigation is required to be disclosed in this Disclosure Document.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

You must pay us an initial franchise fee of $75,000 (the "**Initial Fee**"). You must also pay us $112,500 for the furniture, fixtures, equipment and initial supplies used for the operation of your Dental Office (the "**FF&E Fee**") and between $10,000 and $31,500 for the first month's rent and a security deposit on your leased premises ("**Rental Fee**"). You must also pay us $562,500 as a consulting fee ("**Consulting Fee**") for providing regular advice and guidance in the operation of the Dental Office. The Initial Fee, FF&E Fee, Rental Fee and Consulting Fee are payable in a lump sum when you sign the Franchise Agreement, however, we offer you financing if you choose to finance the Initial Fee, FF&E Fee or Consulting Fee. See Item 10. The Initial Fee and the FF&E Fee are deemed fully earned by us when the Franchise Agreement is signed by you and us. At your option, the Initial Fee, FF&E Fee, Consulting Fee and Rental Fee are refundable without interest and the Franchise Agreement will terminate if Comfort Dental, its affiliates or designees, fail to construct, equip and provide the initial supplies for your Dental Office within one year of the date on which the Franchise Agreement is signed by you and us. All franchisees acquiring a Franchised Business paid the same initial fees in our most recent fiscal year, except for one franchise sold in Missouri at a discount to encourage expansion of the brand in that state. That franchisee paid a Consulting Fee of $400,000 and $150,000 for the Initial Fee and FF&E Fee combined. We offer a discount on the Initial Fee to our founders and employees.

ITEM 6

OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	$12,000 per month; subject to annual percentage increases based on prior year's percentage increase in Consumer Price Index for all Urban Consumers – West Region	Payable monthly on or before the 10th day of each month for the previous month with a report on Gross Collections for the previous month	Gross Collections includes all revenues actually collected from your Dental Office. Gross Collections does not include discounts, sales or equivalent taxes. If Gross Collections are less than $400,000 in a particular month, the Royalty Fee will be reduced proportionally. For example, if Gross Collections are $300,000, the Royalty Fee will be $9,000 for that month.
Marketing Fee	$4,000 per month	Payable monthly on or before the 10th day of the month for the previous month	See notes 2 and 3.
Real Estate Sublease	$5,000 - $15,000[4]	Payable monthly on the 1st day of each month after you take possession of your Dental Office	See notes 5 and 3.
Transfer Fee	10% of the total value of the consideration received as part of the transfer. See note 7.	Payable to us when you receive the consideration from the transferee	See notes 6 and 7.
Audit	Will vary under the circumstances	15 days after the date we deliver the invoice to you	Payable only if (i) you fail to provide to us the financial reports required by the Franchise Agreement; (ii) an audit shows an understatement of Gross Collections of more than 3% for any month; or (iii) the audit is required due to your violation of the terms of the Franchise Agreement.
Insurance	Will vary under the circumstances	As incurred	Payable only if you fail to maintain required insurance coverage, and we purchase insurance on your behalf.
Late Charge on Overdue Amounts	Greater of 1.5% interest per month or highest rate legally permitted	As incurred	Late charge begins to accrue from the due date.

Type of Fee[1]	Amount	Due Date	Remarks
Dishonored Checks	$50 each instance	As incurred	Payable only if your check to us is dishonored.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us or our affiliates for expenses incurred due to claims arising from the operation of your Dental Office.
Operation of Dental Office Upon Death or Disability	All net revenues derived from the contract dentist less operating expenses incurred by the contract dentist's patient workload	As incurred	See note 8.
Renewal Fee	$15,000	Before our approval of a renewal of your franchise	Payable when you renew the term of the Franchise Agreement.
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable if we prevail in a judicial or other proceeding.

1. Except as otherwise noted, all fees are uniformly imposed by and payable to Comfort Dental Group, Inc. or its affiliates. No fees are refundable.

2. You must pay us this amount each month for the purpose of advertising and promoting COMFORT DENTAL Offices. See Item 11 for more information on the Marketing Fund.

3. In the event that your Dental Office is unable to generate sufficient revenues during the first three months of operations to pay the expenses associated with such operations (exclusive of any direct or indirect compensation or other payments to you), CDGI or its affiliate will waive payment of all or a portion of the Marketing Fee contributions and real estate sublease payments, as well as pay any operating expenses equal to such deficiency, during this three-month period.

4. This is an estimate only. The actual amount of your monthly sublease payment will vary based on the location of your Dental Office and market conditions.

5. You are required to lease facilities for your Dental Office from CDGI or its affiliate using either the form of Sublease Agreement attached to the Franchise Agreement as Exhibit III or the lease agreement provided by the third-party owner of the premises.

6. The Transfer Fee includes a payment of 10% of any consulting fees to-be-received by you under any consulting agreement agreed to by the proposed transferee as part of the transfer. If you are leaving the COMFORT DENTAL system, the transferee will pay the Transfer Fee directly to us.

7. A "**Transfer**" includes any assignment, sale, gift or disposition of an interest in your Franchise Agreement, the ownership of the Franchise Agreement, the Dental Office or the assets of the Dental Office. All Transfers are subject to the Buy and Sell Agreement attached to the Franchise Agreement as Exhibit VI, which must be signed by each owner of your franchise.

8. Upon the death or disability of a dentist working at a Dental Office with two or more dentists, we or an affiliate have the right to hire a contract dentist and to receive all net revenues from the contract dentist's billings until the ownership interest of the deceased or disabled dentist is transferred to a new owner.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Fee[2, 3]	$75,000	Lump Sum	At signing of Franchise Agreement	Comfort Dental
Furniture, fixtures, equipment and initial supplies (“**FF&E**”)[2, 3]	$112,500	Lump Sum	At signing of Franchise Agreement	Comfort Dental
Consulting Fee[4]	$562,500	Promissory Note with monthly payments over 10 years	At signing of Franchise Agreement and Consulting Agreement (first Dental Office)	Comfort Dental or affiliate
Utility deposits, insurance, telephone, business licenses and other prepaid expenses	$2,000 to $5,000	As Incurred	Before opening	Third-party suppliers
First month’s rent[3, 5]	$5,000 to $15,000	Lump Sum	Before opening	Comfort Dental
Security deposit on leased premises	$5,000 to $16,500	Lump Sum	Before opening	Comfort Dental
Travel and living expenses while training[6]	$2,400 to $4,000	As Incurred	Before opening	Third-party suppliers
Additional Funds - 3 months[7,8]	$38,000 to $51,000	As Incurred	As incurred	Comfort Dental, our affiliates, and third-party suppliers
TOTAL	**$802,400 to $841,500**			

1. All amounts paid to us are non-refundable. Third-party suppliers will determine whether amounts paid to them are refundable.

2. M’KNIB offers financing of the Initial Fee and the FF&E Fee at 10% annual interest rate with principal and interest payable over 48 months. See Item 10.

3. At your option, the Initial Fee and the FF&E Fee are refundable without interest and the Franchise Agreement will terminate if we, our affiliates or designees fail to construct, equip and provide the initial supplies for your Dental Office within one year of the date on which the Franchise Agreement is signed by you and us.

4. Upon signing your Franchise Agreement, you must sign our Consulting Agreement and pay the consulting fee of $562,500 in a lump sum or you may finance this amount through CDGI by signing a Promissory Note in favor of us in the principal amount of $562,500 with an annual interest rate of 10%. The Consulting Agreement and Promissory Note are attached to the Franchise Agreement as Exhibit II and Exhibit VII, respectively. You must also sign our form of Security Agreement and Financing Statement securing your payment of the Promissory Note. The Security Agreement and Financing Statement are attached to the Franchise Agreement as Exhibit VIII. Under the Promissory Note, you will pay $7,433.48 each month over 10 years which includes a 10% interest rate. You also have the option of deferring payment of the monthly Consulting Fee during the first six months of operations. If you elect to defer payment of the Consulting Fee, then we will recompute the monthly Consulting Fee to include, as additional principal, the deferred principal and interest that you would have paid without the deferral. You will then begin paying the recomputed monthly Consulting Fee in the seventh month of operations. You may prepay the balance of the Promissory Note at any time without penalty.

5. You are required to lease the facilities in which your Dental Office will be located from CDGI or an affiliate. The amount of your security deposit and your monthly rent for your Dental Office will vary greatly based on a number of factors including the site's condition, location, size, building codes and fees, common area expenses, proportional share of building insurance and real estate taxes, demand for the site among prospective lessees, and whether the premises are purchased or leased by us. Although Dental Offices vary in size, at least 2,200 square feet is typically required. Dental Offices are generally located in a high visibility location near a strong anchor tenant, such as a large discount retailer or grocery store. In addition, you may be required to office-share your space with a COMFORT DENTAL BRACES and/or a COMFORT DENTAL KIDS franchisee, and therefore you may not have exclusive access to and use of the premises. Please refer to Item 10 for additional details.

6. We do not charge tuition for you and the other owners of your business to attend the initial training program. You are responsible for arranging transportation and paying the expenses for meals and lodging for all persons attending the training program. The amount will depend on the distance you travel and the accommodations you choose. The estimate contemplates attendance by two people. Your expenses will be higher if more than two people attend the training program.

7. This estimates the funds needed to cover your initial expenses for the first three months of operation. It includes payroll costs (but not any draw or salary for you), utilities, rent, consulting fees, Marketing Fund contributions, and office expenses and supplies. However, this is only an estimate, and it is possible that you will need additional working capital during the first three months you operate your Dental Office and for a longer time period after that. Your costs will depend on your management skill, experience, and business acumen, local economic conditions, the prevailing wage rate, competition and your Dental Office's sales during the initial period. In the event that your Dental Office is unable to generate sufficient revenues during the first three months of operations to pay the expenses associated with such operations (exclusive of any direct or indirect compensation or other payments to you), CDGI or its affiliate will waive payment of all or a portion of the Marketing Fund contributions and real estate sublease payments, as well as pay any operating expenses equal to such deficiency.

8. We have relied on our many years of experience and our affiliates' experience to compile these estimates. Because these figures are only estimates, it is possible to reduce or to exceed costs in any of the areas listed above. You should review all figures in this Item 7 carefully with a business advisor before deciding to enter into a Franchise Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations

You must establish and operate your Dental Office in compliance with the Franchise Agreement and the required standards and specifications set forth in the Operations Manual, which we provide to you in the form of one or more manuals, technical bulletins and other written and electronic materials (all of which, including the required standards and specifications, we may modify periodically). Subject to applicable law, you may not offer or sell any unauthorized products or services through your Dental Office.

Purchases from Designated or Approved Sources

Subject to applicable law, you must purchase all products and services required for the sale and establishment of a Dental Office from certain manufacturers, vendors, distributors, suppliers, service providers and producers (each, a "**Vendor**" and collectively, "**Vendors**") that we may designate unless approved in writing by us and/or required by law. A Vendor may include us or any of our affiliates. If we or our affiliates designate a Vendor for any product or service, you must purchase from this Vendor, unless otherwise authorized in writing by us. As of the date of this Disclosure Document, we or our affiliate, M'KNIB, are the only Vendors for Dental Office furniture, fixtures, dental equipment, dental laboratory services, and supplies when you open your Dental Office. After opening, you may purchase supplies from third-party approved suppliers. You must sublease the premises of the Dental Office from us or our affiliate and we or our affiliate will provide certain services to your Dental Office, including garbage collection, grounds keeping, and the collection of biohazardous materials if these services are not performed by the landlord.

We estimate the cost of your purchases from designated or approved Vendors, or according to required standards and specifications, will range from 85% to 95% of establishing, and 70% to 80% of operating, your Dental Office.

As of the date of this Disclosure Document, seven of our officers own an interest in CDGI and M'KNIB.

Approval of alternative vendors

We do not provide you with our criteria for approving Vendors. You will not purchase, lease or license any products or services we have not approved, or purchase, lease or license these items from a Vendor that we have not designated or approved. You must notify us and obtain our written approval in advance if you would like to purchase or lease items from a Vendor we have not designated or approved. If we approve or reject your requested new Vendor, we will notify you in 10 business days of receipt of your written request to approve the Vendor. We and our affiliates may elect to withhold approval, subject to certain limitations including 1) a written request from a patient; 2) written requirement from a patient's insurer; 3) in the treating dentist's judgment, use of an approved Vendor is determined not to be in the best medical interest of the patient; or 4) where a different vendor is mandated by applicable law. In order to make our decision, we or our affiliates may require samples from a proposed new Vendor be delivered to us for testing. You will pay a charge not to exceed the actual cost of the test. Upon notice to you, we may revoke our approval of a Vendor at any time and in our sole discretion, subject to the same limitations described above.

Revenue from franchisee purchases

We and our affiliates may derive revenue or other material consideration directly from sales to franchisees of required products or services. In addition, we and our affiliates have the right to receive payments from unaffiliated Vendors on account of their actual or prospective dealings with you and to use the amounts received without restriction (unless we or our affiliates agree otherwise with the Vendor) for any purpose we or our affiliates deem appropriate. Some Vendors pay fees to us or our affiliates for products purchased through these negotiated agreements, and willingness to pay fees may be a condition for approving a Vendor. These fees are based on sales volume and range from 5% to 15% of total sales.

For the year ended December 31, 2023, CDGI recognized revenue of $11,410,021 from all required purchases and leases of products and services by franchisees. This amount equaled 50% of CDGI's total revenue of $22,945,284.

For the year ended December 31, 2023, CDGI's affiliate, M'KNIB, recognized revenue of $14,700,000 from all required purchases and leases of products and services by franchisees and subfranchisees. This amount includes revenue recognized by Budget Dental Lab, M'KNIB's wholly-owned subsidiary. This amount equaled 88% of M'KNIB's total revenue of $16,698,000.

Insurance

You must also procure and maintain the types and minimum amounts of insurance coverage that we require as described in the Franchise Agreement and the Operations Manual, including general liability and errors and omissions insurance. If you fail to purchase this insurance, our affiliates may obtain insurance for you, and you must reimburse them for their cost. All insurance policies you obtain must name us and any affiliates that we designate as additional insureds and give all of us at least 30 days' prior written notice of termination, amendment, or cancellation. You also must give us certificates of insurance evidencing your insurance coverage before you begin operating your Dental Office and each year when your policies renew.

Additional information regarding purchases of products and services

CDGI operates as a purchasing agent for a group purchasing organization ("**GPO**") made up of COMFORT DENTAL franchisees. As the purchasing agent, CDGI negotiates contract terms, including price terms, with Vendors for the benefit of the franchisees. CDGI may receive a GPO fee based on purchases made by franchisees. A list of the Vendors paying a GPO fee and the percentage paid is listed in Exhibit B to the Operations Manual. We do not provide material benefits to you based on your purchase of required products and services; however, such purchases are a condition of our approval of renewing or transferring your Franchise Agreement.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 2.1, 3.1 and 3.2 of Franchise Agreement; Sublease Agreement	7 and 11
(b) Pre-opening purchases/leases	Sections 4.1(e) and 6.2 of Franchise Agreement	5, 7, 8, 10 and 11
(c) Site development and other pre-opening requirements	Sections 3.3 through 3.5 of Franchise Agreement	5, 7, 8 and 11
(d) Initial and ongoing training	Sections 4.1(a) and 5.7 of Franchise Agreement	11
(e) Opening	Sections 3.4 and 3.5 of Franchise Agreement	7 and 11
(f) Fees	Article VI and Sections 2.4 and 10.2 of Franchise Agreement; Consulting Agreement	5, 6, 7 and 10
(g) Compliance with standards and policies/operating manual	Article V and Sections 2.1, 2.3(a) and 4.1(b) of Franchise Agreement	8 and 11
(h) Trademarks and proprietary information	Article XIII and Section 5.4 of Franchise Agreement; Non-Disclosure/Non-Competition Agreement	13 and 14
(i) Restrictions on products/services offered	Sections 2.1, 5.1 and 5.2 of Franchise Agreement	8, 11, and 16
(j) Warranty and customer service requirements	Not applicable	Not Applicable
(k) Territorial development and sales quotas	Not applicable	12
(l) On-going product/service purchases	Section 5.2 of Franchise Agreement; Consulting Agreement	8
(m) Maintenance, appearance and remodeling requirements	Section 5.3(e) of Franchise Agreement	6 and 17
(n) Insurance	Section 5.3(g) of Franchise Agreement	6, 7 and 8
(o) Advertising	Sections 4.1(c) and 5.3(b) of Franchise Agreement	6 and 11
(p) Indemnification	Section 7.2 of Franchise Agreement	6

Obligation	Section in Agreement	Disclosure Document Item
(q) Owner's participation/ management/staffing	Section 5.3(f) of Franchise Agreement	11 and 15
(r) Records and reports	Section 5.6 of Franchise Agreement	6
(s) Inspections and audits	Sections 5.6 of Franchise Agreement	6
(t) Transfer	Article X of Franchise Agreement; Buy and Sell Agreement; Form of Release	6 and 17
(u) Renewal	Section 2.3 of Franchise Agreement; Form of Release	6 and 17
(v) Post-termination obligations	Sections 9.4 and 9.5 of Franchise Agreement	17
(w) Non-competition covenants	Sections 5.5 and 9.5 of Franchise Agreement; Non-Disclosure/Non-Competition Agreement	17
(x) Dispute resolution	Article XI of Franchise Agreement	17

ITEM 10

FINANCING

It is not our practice or intent to sell, assign or discount to a third party all or part of any financing arrangement with you. We do not receive any consideration for placing financing with a lender.

Initial Fee and FF&E Fee

Upon signing a Franchise Agreement, you pay the Initial Fee of $75,000 and the FF&E Fee of $112,500 to us. If you choose to finance the Initial Fee or the FF&E Fee, M'KNIB will offer you financing on the terms in the Promissory Note attached to the Franchise Agreement as Exhibit VII. You (and if you are an entity, the owners of the entity) must execute a Promissory Note in favor of M'KNIB in the principal amount of the applicable fee with interest at 10% per annum. The Promissory Note is payable over 48 months commencing upon the opening of your Dental Office. The Promissory Note can be prepaid at any time without penalty. M'KNIB does not assess any finance charges. If you default under the Promissory Note, M'KNIB may call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary.

M'KNIB requires a secured interest in all furniture, fixtures, equipment, inventory and accounts receivable used or generated by your Dental Office. The standard form of Security Agreement and Financing Statement are attached to the Franchise Agreement as Exhibit VIII.

If M'KNIB initiates a collection action, then you waive presentment, notice of dishonor and protest and all other notices of every kind, and to the fullest extent permitted by law, all rights to plead any statute of limitation as a defense to any such action. We may also terminate your Franchise Agreement if you do not make your payments on time and you do not make your payment in 10 days after delivery of notice that such payment is overdue, or if you fail to timely make payment more than once during any 12-month period.

Consulting Fee

Upon signing a Franchise Agreement for your first Dental Office, you pay the consulting fee and sign a Consulting Agreement for consulting services provided by us or our affiliates to you during the operation of your Dental Office. Our standard form of Consulting Agreement is attached to the Franchise Agreement as Exhibit II.

If you choose to finance the consulting fee at the time you sign the Consulting Agreement, we will provide you the appropriate financing. You (and if you are an entity, the owners of the entity) must execute a Promissory Note in favor of us in the principal amount of $562,500 with an annual interest rate of 10%. We do not assess any finance charges for providing this financing arrangement to you. The form of Promissory Note is attached to the Franchise Agreement as Exhibit VII. The Promissory Note is payable over 120 months commencing upon the opening of your Dental Office. You have the option of deferring payment of the monthly payment during the first six months of operations. If you elect to defer payment, we will recompute the monthly payment to include, as additional principal, the deferred principal and interest that you would have paid without the deferral. You will then begin paying the recomputed monthly payment in the seventh month of operations.

The security we require is a secured interest in all furniture, fixtures, equipment, inventory and accounts receivable used or generated by your Dental Office. The standard form of Security Agreement and Financing Statement are attached to the Franchise Agreement as Exhibit VIII.

The Promissory Note can be prepaid at any time without penalty. If you default under the Promissory Note, we may call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. If we initiate a collection action, then you waive presentment, notice of dishonor and protest and all other notices of every kind, and to the fullest extent permitted by law, all rights to plead any statute of limitation as a defense to any such action. We may also terminate your Franchise Agreement if you do not make your payments on time and you do not make your payment in 10 days after delivery of notice that such payment is overdue, or if you fail to timely make payment more than once during any 12-month period.

Leased Space

You must sublease the premises of the Dental Office from us or our affiliate. A form of Sublease Agreement is attached to the Franchise Agreement as Exhibit III. The term of your lease will vary, but a five-year initial term is typical. Your lease payment will also vary depending on the size and location of the premises and whether we own or lease the premises. You should anticipate a lease payment of between $5,000 and $15,000 per month, and a payment of one month's rent as a security deposit. You (and if you are an entity, the owners of the entity) must personally guarantee the lease. No other security is required.

There is no penalty for prepayment of rent. Your potential liability upon default includes termination of your lease, our repossession of the premises, payment of past due rent, an accelerated obligation to pay the remaining amount owed through the balance of the lease term, and a cross default and termination of your Franchise Agreement. We are entitled to obtain court costs and attorneys' fees if a collection action is necessary.

You may be required to office-share your space with a COMFORT DENTAL BRACES or a COMFORT KIDS franchisee. As such, you may not have exclusive access to and use of your space. In the event you office-share with any such other tenant, you will be responsible for your proportionate share of the expenses related to your sublease.

ITEM 11

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

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

Pre-Opening Assistance. We or our affiliates will provide the assistance set forth below before you open your Dental Office.

1. Within 30 days after you sign your Franchise Agreement, we will designate the premises for your Dental Office (Section 2.1, Franchise Agreement). We or an affiliate will either own or lease the premises, and we will lease or sublease the premises to you (Section 3.1, Franchise Agreement). You do not select the site for your Dental Office; we will select the site for you before you sign the Franchise Agreement. The factors we may consider in selecting the premises include general location and neighborhood, traffic patterns, parking, size, physical characteristics of the building and lease terms.

2. Upon signing a Franchise Agreement for your first Dental Office, we will (i) acquire all required zoning changes and all required building, utility, health, sanitation, sign and any other required permits; (ii) purchase or lease all required equipment, fixtures, furniture and signs which meet Comfort Dental's specifications and requirements; (iii) construct, decorate and equip your Dental Office with all necessary dental equipment, fixtures, furniture and initial supplies; and (iv) acquire all customary contractor's sworn statements and partial and final waivers of lien for construction, decorating and installation services (Sections 3.3, 4.1(e), Franchise Agreement). We provide, deliver and install the necessary equipment, signs, fixtures, furniture, opening inventory and supplies either directly or through approved suppliers. We do not provide written specifications for these items. Upon signing a Franchise Agreement for any subsequent Dental Office, you will be responsible for all of the duties, responsibilities, purchases, construction and expenses described in this paragraph.

3. We will loan you one copy of an Operations Manual covering the operation of the Dental Office (Section 4.1(b), Franchise Agreement).

4. We will provide you the mandatory training described below (Section 4.1(a), Franchise Agreement).

5. We will provide on-site guidance, advice and aid in opening the Dental Office, as we deem necessary (Section 3.4, Franchise Agreement).

Schedule For Opening. We estimate that the typical length of time between the date you sign the Franchise Agreement and the date you begin operating your Franchised Business will be approximately 180 days. The factors which may affect this time period are the length of time necessary to secure a building permit and your ability to secure financing, hiring qualified personnel and completing your training. You must begin operating your business immediately upon our completion of construction of the Dental Office and after your receipt of our written consent (Section 3.4, Franchise Agreement; Consulting Agreement).

Continuing Assistance. During the operation of your business, we or our affiliates will provide continuing assistance as set forth below.

1. We or our affiliates will provide direct and indirect consulting services each month. The consulting services consist of advice, guidance and assistance on issues including: (i) the continued operation and management of your Dental Office; (ii) advertising, marketing and promotions; (iii) appointment control; (iv) invoicing and collection procedures; (v) financial analysis; (vi) case presentation;

(vii) purchasing procedures and dealing with any Vendors; (viii) patient relations; (ix) employee relations; (x) ongoing updates of information and programs related to the dental industry; and (xi) overall quality control (Section 4.1(d), Franchise Agreement; Consulting Agreement).

2. We may periodically offer guidance and suggestions to you related to the prices of services and products. We may, to the greatest degree permitted by applicable law, also specify maximum prices above which you will not sell or provide any services or goods (Section 4.1(d), Franchise Agreement).

3. We will establish and conduct various advertising and sales promotion programs, as discussed further below (Section 4.1(c), Franchise Agreement).

4. We may present additional seminars and continuing training programs for you and other franchisees (Section 5.7, Franchise Agreement).

Advertising. The following is a description of the advertising program for the COMFORT DENTAL franchise system (Sections 4.1(c) and 5.3(b), Franchise Agreement).

Marketing Fund. Our affiliate CD Marketing, LLC ("**CD Marketing**") has created a marketing fund for the benefit of Dental Offices. You must pay us or CD Marketing $4,000 per month ("**Marketing Fees**"), which will then be deposited into a separate account which is designated as the Marketing Fund. We and our affiliates may contribute to the Marketing Fund but are not obligated to do so. Dental Offices that we or our affiliates own are not required to contribute to the Marketing Fund. We and our affiliates have the right to deposit into the Marketing Fund any advertising, marketing or similar allowances paid by any Vendor. The Marketing Fund is not audited. Upon your written request, we will make available to you no later than 120 days after the end of each calendar year, an unaudited financial statement for the Marketing Fund which indicates how deposits have been spent in the most recently concluded calendar year.

The Marketing Fund is administered and controlled by CD Marketing and we have sole discretion over all matters relating to it, including its management, all financial matters, expenditures, receipts and investments, timing of expenditures, media placement and the allocation thereof. The Marketing Fund may be used for the production and placement, in a particular territory, of media advertising, direct response literature, commercials, direct mailings, brochures, signage, collateral advertising material, surveys of advertising effectiveness and other advertising or public relations expenditures relating to advertising the services and products, the development of creative concepts, market research (including tests and surveys), providing and employing professional services or agencies, materials and personnel to support the marketing function, and creating, producing and implementing websites for you or us. In addition, the Marketing Fund may be used for dentist recruitment efforts on behalf of the COMFORT DENTAL System. The source of the advertising may be in-house or a national, regional or local advertising agency, or a combination of in-house and outside sources. We or our representatives may spend in any calendar year more or less than the aggregate contribution to the Marketing Fund in that year, and the Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. We undertake no obligation to ensure that the Marketing Fund benefits each Dental Office in proportion to its respective Marketing Fee contribution, and some Dental Offices may have different marketing contribution obligations than you.

We do not guarantee that expenditures from the Marketing Fund will benefit you or any other franchisee directly or on a pro rata basis. The Marketing Fund is not a trust fund, and we have no fiduciary obligation to you or other franchisees in regard to our administration of the Marketing Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to any marketing account or for maintaining, directing or administering any marketing account.

Other Advertising. You agree to participate in any grand opening, promotion or local store marketing campaign we establish. You are permitted to create your own advertising and promotional materials; however, you may not use such advertising or promotional plans or materials until you receive our written approval. We retain the right to develop and control all advertising using our Marks, including on the Internet. You may not develop and use websites, social media accounts or pages or any other written or electronic advertising without our express written approval. There is no advertising council comprised of franchisees that advises us on advertising policies. You are not obligated to participate in any local or regional advertising cooperative.

Computer Requirements. You must purchase a computer system as part of the FF&E Fee you pay to us to purchase furniture, fixtures, equipment and initial supplies for your first Dental Office, and you must directly purchase a computer system for any subsequent Dental Office you open (Section 6.2, Franchise Agreement). We have not designated the type of computer systems and software we expect you to use. The computer systems and software will be used by you for purposes of patient records, scheduling and keeping your financial records. We estimate the cost of purchasing the system to be approximately $65,000, though the cost of this equipment is included in the FF&E Fee you pay to us. Neither we, any of our affiliates, nor any third party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to the computer system or software you purchase. We may require you to upgrade and update any system during the term of the franchise, and there is no contractual limitation on the frequency or cost of this obligation. We will not have independent access to the computer system, but we have the right to conduct periodic audits of any accounting records contained therein (Section 5.6, Franchise Agreement). There is no contractual limitation on our and our designee's right to access this information and data.

You must also contract with an approved third-party vendor to provide computer system support.

Operations Manual. The table of contents of the Operations Manual as of the last fiscal year end is provided in Exhibit E. The total number of pages in the Operations Manual is 39 (including exhibits).

Training. Within 60 days after you sign your Franchise Agreement (or as we otherwise direct) and before you start operating your business, you (and each of the owners of your business) must attend and complete to our satisfaction the initial training program. The initial training program consists of (i) reading the Operations Manual, various newsletters and other written materials, (ii) reviewing instructional CDs, DVDs or videos, (iii) on-the-job training for at least one day in our affiliate's lab, (iv) accompanying and observing an existing franchisee for at least two days, (v) attending potential franchisee orientation meetings, and (vi) any other initial training as required by us or our affiliates periodically. There is no fee for this training; however, you must pay travel and living expenses and wages (if any) for all those who attend the training. We strongly encourage you to participate in the on-the-job training in a lab, however, it is not required. A portion of the initial training program may be completed at your home or office. Other portions of the training will be completed at the location of our affiliate, Budget Dental Lab, at a franchisee-owned Dental Office designated by us, or via webinar or other remote transmission, in our discretion. Any prospective new owner of your business must also complete initial training before becoming an owner of your business. Periodically, additional seminars and training programs may be required (Sections 3.4, 4.1(a) and 5.7, Franchise Agreement).

Dr. Rick A. Kushner, D.D.S. and his staff supervise all training and curriculum development for training. Dr. Kushner has been providing instruction on dental practice management since 1980. Dr. Kushner is the founder of Comfort Dental and has been its President and CEO since its incorporation on September 9, 1993.

As of the date of this Disclosure Document, the following initial training is provided as often as is necessary:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
"Lean and Mean" Practice Management	6-hour audio recording	N/A	Home or office
"Lean and Mean" Group	5-hour audio recording	N/A	Home or office
Lab Work	N/A	8 Hours	Lakewood, Colorado
Dental Practice Management	N/A	16 Hours	Dental Office location designated by us
TOTALS	**11 hours**	**24 hours**	

ITEM 12

TERRITORY

You will operate a single Dental Office at a specific location approved by us. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control. You do not have the right to relocate your Dental Office to another location without our prior written approval, which we may refuse in our sole discretion. You do not have any option, right of first refusal or similar right to acquire additional franchises.

CDGI and its affiliates reserve the right: (a) to use, and to grant others the right to use, the Marks and uniform identification and proprietary materials of CDGI (the "**System**") to establish and operate Dental Offices at any location other than your Dental Office; (b) to use and license others to use the Marks and System, or different proprietary marks or methods (for example, if CDGI acquires or is acquired by another business that provides similar services as a Dental Office) in connection with the sale of services or products similar to or the same as those which you sell, including but not limited to, dental services, whether in alternative channels of distribution or through owning, developing, operating or franchising offices which are the same as, similar to, or different from, Dental Offices at any location and on any terms and conditions as determined by CDGI; (c) to use the Marks to identify any type of services or products, promotional and marketing efforts or related items, and to identify services and products distributed or otherwise made available through alternative channels of distribution (other than Dental Offices) at any location, and on any terms and conditions as CDGI determines, including, but not limited to, sales through channels such as schools, churches, short-term health fairs, events to benefit indigent patients, events that benefit charities, wholesale or retail distribution, Internet marketing, social media marketing, mail order, catalog or retail store display; and (d) to engage in any other activities not expressly prohibited under the terms of the Franchise Agreement, including but not limited to, operating or granting a third party the right to operate a Dental Office that CDGI or its designee has acquired as a result of a purchase right that CDGI may have by a separate agreement. We have no obligation to compensate you if we or our affiliates exercise any of these rights.

You may advertise your Dental Office and solicit patients from any area and serve all patients who enter your Dental Office. You may not sell any products or services outside of your Dental Office. You do not have right to use other channels of distribution to make sales, including mail order, catalog sales, telemarketing, television, internet sales or any other distribution medium.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you a non-exclusive right to use the Mark COMFORT DENTAL and other marks. Registration information about our principal Marks is provided below:

Mark	Registration Number
COMFORT DENTAL BRACES	3,135,569
COMFORT DENTAL CLEAR BRACES	6,152,153
	3,560,956
COMFORT DENTAL	3,560,959
COMFORT DENTAL (and Design)	3,421,650
COMFORT DENTAL (Stylized and Horizontal)	3,560,957
COMFORT DENTAL GOLD PLAN	3,560,958
COMFORT KIDS	3,802,786
COMFORT KIDS	3,802,784
COMFORT DENTAL KIDS	5,471,309
COMFORT DENTAL JUNIOR STARTING LINEUP	3,504,110
WE'LL BE THERE WHEN YOU NEED US!	3,440,144
COMFORT DENTAL ORAL SURGERY	5,731,113

Each of the Marks is registered on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"). All required affidavits of use and renewals have been filed.

As of the date of this Disclosure Document, there are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks.

Effective October 15, 1992, Comfort Dental and Dr. Rick A. Kushner ("**Dr. Kushner**") entered into a license agreement ("**License Agreement**") granting Comfort Dental the right to use the Marks and certain copyrighted materials ("**Materials**") (i) to promote, market and sell dental franchises and dental services and (ii) to sublicense the Marks and Materials. Effective January 1, 2010, Dr. Kushner assigned the License Agreement, Marks and Materials to RAK Trademarks, LLC. Comfort Dental must maintain minimum quality and usage standards for the Marks and Materials. If RAK elects not to prosecute an infringement or unauthorized use of the Marks or the Materials, Comfort Dental has the right to pursue such claims. The term of the License Agreement is 35 years and will automatically renew for successive two year terms thereafter, unless either party notifies the other of its intention to terminate the License Agreement. RAK may terminate the License Agreement if we violate the terms of the License Agreement and do not cure that violation in 30 days after notice of the breach, or if Comfort Dental becomes insolvent or files for bankruptcy protection. RAK may also terminate the License Agreement upon 90 days written notice to Comfort Dental.

In September 2010, RAK entered into an assignment agreement with Dr. Belinda Marsaw ("**Marsaw**"), the owner of four unaffiliated dental offices in the Dallas, Texas metropolitan area, which granted RAK all right, title and interest in the COMFORT DENTAL mark owned by Marsaw. In October 2012, RAK entered into a license agreement with Dr. Reza Ziaei ("**Ziaei**"), the owner of an unaffiliated dental office in Plano, Texas, which grants Ziaei a perpetual, royalty-free, nonexclusive and nontransferable license to use the COMFORT DENTAL Mark in the operation of his dental office. In April 2010, RAK entered into a license agreement with Dr. Henry Wachtendorf ("**Wachtendorf**"), the owner of an unaffiliated dental office in Royce City, Texas, which grants Wachtendorf a perpetual, royalty-free, nonexclusive and nontransferable license to use the COMFORT CARE DENTAL name in the operation of his dental office. In May 2012, RAK entered into an assignment and license agreement with Dr. Bihn Tran ("**Tran**"), the owner of an unaffiliated dental office in Federal Way, Washington, which assigned all rights Tran may have had to the COMFORT DENTAL service mark to RAK and granted Tran a perpetual, royalty-free, nonexclusive and nontransferable license to use the COMFORT DENTAL service mark in the operation of his dental office. Tran now operates his dental office under the name "Tran Family Dentistry and Associates." In October 2015, RAK entered into an assignment and license agreement with Comfort Family Dentistry, Inc. ("**CFD**"), the operator of an unaffiliated dental practice in the State of Washington, which assigned all rights CFD may have had to the COMFORT DENTAL service mark to RAK and granted CFD a perpetual, royalty-free nonexclusive and nontransferable license to use the CFD name at one dental office. In August 2019, CFD agreed to change its name. We anticipate that these license agreements will have little to no impact on you.

On May 5, 2017, RAK entered into an assignment agreement with an unrelated third party that was using the mark "Comfort Dental Group," together with associated logos, designs, and stylistic variations of the foregoing (the "**Name**"), in connection with offering dental services in the State of Ohio. Pursuant to the terms of the assignment agreement, in order to avoid any dispute regarding each party's respective rights to the mark, RAK purchased all rights to the Name, allowing a COMFORT DENTAL franchisee to enter the Cleveland, Ohio market and use the COMFORT DENTAL Mark. Additionally, on February 16, 2018, RAK entered into a settlement agreement with a different, unrelated, third party that was using the mark "Comfort Dental," together with logos, designs and variations of the foregoing, in connection with offering dental services in the State of Ohio. RAK and the third party entered into the settlement agreement to settle a complaint filed by RAK against the third party for infringement. On October 5, 2020, RAK entered into an assignment agreement with another unrelated, third party that was using the mark "Comfort Dental" together with logos, designs and variations of the foregoing, in connection with offering dental services in the State of Oregon.

You must follow our rules when you use the Marks. The Marks are the only Marks you may use to identify your Franchised Business. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Comfort Dental. You may not use any Mark with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you); as part of any domain name or electronic address you maintain on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; to advertise unauthorized services or products; or in any other manner not expressly authorized in writing. While you may use the trade name COMFORT DENTAL to conduct your business, you may not register or attempt to register the name COMFORT DENTAL or any other similar term.

You must immediately notify us of any apparent infringement or challenge to your use of any Mark. You may not settle any claim without our written consent. We may take the action we deem appropriate and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising out of any infringement, challenge, or claim.

We and our affiliates are not obligated to protect you against claims of infringement or unfair competition regarding your use of the Marks, but we reserve the right to do so in our sole discretion. In that case, we pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks. We will not pay any of your attorneys' fees if you hire your own attorney. You must cooperate with us in any litigation.

You must modify or discontinue your use of a Mark, at your own expense, if we so require. We will not reimburse you for your expenses of doing so, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents, no pending patents, and no pending patent applications are material to the franchise. The Operations Manual and related materials are considered proprietary and confidential, to be used only as described in the Franchise Agreement. We claim copyrights in the Manual, advertising and marketing materials, and similar items used in operating the franchise. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so to protect them.

On October 15, 1992, Dr. Rick A. Kushner licensed to us the right to use the copyrighted "Lean and Mean" instructional materials we use to train you. This License Agreement is described further in Item 13. The initial term of the License Agreement is 35 years. If the License Agreement is terminated or not renewed, you will continue to have the right to use the "Lean and Mean" instructional materials in accordance with the terms of your Franchise Agreement.

As of the date of this Disclosure Document, there are no effective determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. There are no material proceedings pending in the USPTO or any court. Except for the License Agreement with Dr. Kushner, no agreement limits our right to use or allow others to use the copyrighted materials.

We need not protect or defend copyrights, although we intend to do so if it is in the best interest of Comfort Dental. We have the right to control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright.

You may use the copyrighted materials only as we specify while operating your business, and you must modify or discontinue the use of the copyrighted materials if we so direct you. If we require you to modify or discontinue use of the copyrighted materials, we are not obligated under the Franchise Agreement to reimburse or indemnify you for any cost, damages or expense associated with such compliance.

The Operations Manual and the Materials contain Comfort Dental's confidential, proprietary information and trade secrets. You may not use this confidential, proprietary information in an unauthorized manner. You must keep all proprietary information confidential during and after the term of the Franchise Agreement. You must not duplicate or disseminate the Operations Manual, the Materials or any other proprietary information to any party other than those persons who have a need to know such proprietary information, and such persons must execute the Non-Disclosure/Non-Competition Agreement attached to the Franchise Agreement as Exhibit IV. Upon termination of the Franchise Agreement, you must return all proprietary information to us, including all copies of the Operations Manual and all other Materials.

We do not know of any infringing uses that could materially affect your use of the Materials in any state.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You, or if applicable, all owners of the franchisee entity, must be licensed dentists in the state where your Dental Office is located and each of them must maintain their licenses from the state throughout the term of your Franchise Agreement. You, or the owners of the franchisee entity, must directly supervise the ongoing operations of the Franchised Business. No owners of the franchisee can have an interest or business relationship with any of Comfort Dental's competitors, and they must comply with certain conflict of interest standards established by Comfort Dental. They must also maintain the confidentiality of the proprietary information and trade secrets described in Item 14 and they must comply with the covenants not to compete described in Item 17.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Comfort Dental requires you to offer and sell only those goods and services that Comfort Dental has approved (see Item 9). Comfort Dental has the right to add to or delete from the authorized goods and services that you are required to offer. All advertising, equipment, materials and supplies used in the Franchised Business must be approved by Comfort Dental (see Item 8).

ITEM 17

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

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

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 1.1	15 years
(b) Renewal or extension of the term	Section 2.3	If you have complied with all conditions, you can renew for up to 2 additional 10-year terms
(c) Requirements for franchisee to renew or extend	Section 2.3	If you are in good standing, have satisfied all monetary obligations to us, signed a general release, provided at least 180 days' notice, paid the $15,000 renewal fee, renovated all Dental Offices, secured the right to remain in possession of the premises, and not received three or more notices of default during the prior term, upon the expiration of the Franchise Agreement, you will have the right to renew your franchise for a 10-year term by signing the then current Franchise Agreement. This means that you may be asked to sign a Franchise Agreement with terms and conditions that are materially different from those in your original Franchise Agreement.
(d) Termination by franchisee	Section 9.3	If you are not in default and CDGI does not cure or initiate action to cure within 30 days of your notice
(e) Termination by franchisor without cause	Not Applicable	Not Applicable.
(f) Termination by franchisor with cause	Section 9.1	CDGI can terminate only if franchisee defaults
(g) "Cause" defined- curable defaults	Section 9.1	You have 30 days to cure: default under consulting agreement, real estate sublease, failure to comply with in-term covenants against disclosure and competition, and any other default set forth in Section 9.1 of the Franchise Agreement.
(h) "Cause" defined- non-curable defaults	Section 9.1	Non-curable defaults: bankruptcy, loss of license to practice dentistry, failure to open for business, non-payment of fees, repeated defaults even if cured, abandonment, and false records or reports.
(i) Franchisee's obligations on termination/renewal	Section 9.4, 9.5	Obligations include cessation of business, vacate premises, complete de-identification and payment of amounts due, non-competition, non-disparagement (also see r, below)
(j) Assignment of contract by franchisor	Section 10.4	No restriction on CDGI's right to assign

Provision	Section in Franchise Agreement	Summary
(k) "Transfer" by franchisee – definition	Section 10.1	Includes transfer of contract or assets or ownership change
(l) Franchisor approval of transfer by franchisee	Section 10.3	CDGI has the right to approve all transfers but will not unreasonably withhold approval
(m) Conditions for franchisor approval of transfer	Section 10.2	You are in compliance with agreements and all obligations have been satisfied, new franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed with Transfer Amendment, if applicable, attached to Franchise Agreement as Exhibit XI (also see r, below)
(n) Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
(o) Franchisor's option to purchase franchisee's business	Section 9.8	If we terminate your franchise based on a default
(p) Death or disability of franchisee	Section 10.5	Franchise must be assigned by estate to approved buyer in 6 months
(q) Non-competition covenants during the term of the franchise	Section 5.5	No involvement in competing business
(r) Non-competition covenants after the franchise is terminated or expires	Section 9.5	No competing business for 3 years within 5 miles of your Dental Office
(s) Modification of the agreement	Section 12.3	No modifications generally, but operating manual subject to change
(t) Integration/ merger clause	Section 12.2	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable. Notwithstanding the foregoing, no provision in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Article XI	All claims and all disputes will be subject to the courts of general jurisdiction in Denver, Colorado
(v) Choice of forum	Article XI	Litigation in Denver, Colorado (subject to applicable state law)
(w) Choice of law	Article XI	Except for federal law, Colorado law applies (subject to applicable state law)

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise. No public figure is involved in the management or control of CDGI and no public figure has invested in CDGI.

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.

Chart 1

AVERAGE ANNUAL NET INCOME PER DENTIST IN 2023

	No. of Dentists	Average Net Income[1]	No. of Dentists Meeting or Exceeding the Average	Median Net Income[1]	High	Low
Overall	370	$420,092	154	$386,022	$1,498,418	$136,723
Top Third	123	$610,257	45	$573,465	$1,498,418	$458,807
Middle Third	123	$387,810	60	$386,022	$457,938	$328,828
Bottom Third	124	$262,473	66	$276,961	$328,530	$136,723

[1] "Net income" is gross annual compensation before taxes, royalties, consulting fees, purchase loan payments, professional insurance, and retirement plan contributions.

Chart 1 Information. These net income figures are derived from the actual historical performance of COMFORT DENTAL dentists during calendar year 2023. There were a total of 454 franchisee-dentists who practiced in the COMFORT DENTAL system during 2023, which includes general dentists, endodontists, periodontists, oral surgeons, orthodontists and pedodontists/children's dentists. The financial performance representation above relates only to a subset of the dentists in the COMFORT DENTAL system (370 of the 454 dentists) who all share the following relevant characteristics: (i) practiced the entire year in the same one or two COMFORT DENTAL offices; (ii) practiced only general dentistry, endodontics or periodontics (i.e., not including dentists practicing oral surgery, orthodontics or pedodontics); (iii) did not have any extended breaks from practicing during 2023; and (iv) practiced in Colorado, New Mexico, Arizona, Texas, Ohio, Missouri, Kansas, Oklahoma, or Montana (Washington dentists are excluded). The 370 dentists included in this chart worked in 130 Dental Offices open during the entirety of 2023 that meet the other characteristics of this subset described above. The number of dentists who practiced in a single COMFORT DENTAL office in 2023 ranged from one to six, with the typical COMFORT DENTAL office comprised of three to four dentists. Franchisees enter into one Franchise Agreement per dental office. As of December 31, 2023, there were a total of 145 Dental Offices in the system, all of which were franchised or subfranchised.

<u>Chart 2</u>

AVERAGE ANNUAL NET INCOME PER DENTIST IN THE SYSTEM FOR LESS THAN FIVE YEARS

	No. of Dentists	Average Net Income[1]	No. of Dentists Meeting or Exceeding the Average	Median Net Income[1]	High	Low
Overall	96	$394,935	37	$346,073	$1,127,646	$170,251
Top Third	32	$585,094	10	$498,171	$1,127,646	$410,173
Middle Third	32	$352,398	13	$346,073	$408,553	$314,994
Bottom Third	32	$247,313	16	$249,142	$313,651	$170,251

[1] "Net income" is gross annual compensation before taxes, royalties, consulting fees, purchase loan payments, professional insurance, and retirement plan contributions.

<u>Chart 2 Information</u>. These net income figures are derived from the actual historical performance of COMFORT DENTAL dentists who had practiced in the COMFORT DENTAL System for at least one year, but for less than five years, during calendar year 2023. There were a total of 454 franchisee-dentists who practiced in the COMFORT DENTAL system during 2023, which includes general dentists, endodontists, periodontists, oral surgeons, orthodontists and pedodontists/children's dentists. The financial performance representation included above relates only to a subset of the dentists in the COMFORT DENTAL system (96 of the 454 dentists) who all share the following relevant characteristics: (i) practiced in the COMFORT DENTAL system for at least one year, but for less than five years; (ii) practiced the entire year in the same one or two COMFORT DENTAL offices; (iii) practiced only general dentistry, endodontics or periodontics (i.e., not including dentists practicing oral surgery, orthodontics or pedodontics); (iv) did not have any extended breaks from practicing in 2023; and (v) practiced in Colorado, New Mexico, Arizona, Texas, Ohio, Missouri, Kansas, Oklahoma, or Montana (Washington dentists are excluded). The dentists included in the chart above worked in 130 Dental Offices open during the entirety of 2023 that meet the other characteristics of this subset described above. As of December 31, 2023, there were a total of 145 Dental Offices in the system, all of which were franchised or subfranchised.

Some dentists have earned net income in the amounts reported above. Your individual results may differ. There is no assurance that you will earn as much. Your position may materially differ from the dentists included in the chart above as you may have a different practice speed, diagnostic skills, personality, work ethic and abilities. If you rely upon our figures, you must accept the risk of not doing as well.

Written substantiation for the financial information that forms the basis for this financial performance representation will be made available to you upon reasonable request.

Actual results vary from business to business and we cannot estimate the results of any particular franchise. You are urged to consult with your financial, business and legal advisers to conduct your own analysis of the information contained in this financial performance representation.

This financial performance representation was prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Graig Bears, Esq. at Comfort Dental Group, Inc., 2540 Kipling Street, Lakewood, Colorado 80215, (303) 202-9449, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021-2023[1,2]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	137	142	+5
	2022	142	145	+3
	2023	145	145	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	**2021**	**137**	**142**	**+5**
	2022	**142**	**145**	**+3**
	2023	**145**	**145**	**0**

1. All numbers are as of December 31st of each year.

2. The term "**Outlet**" as used above refers to the Dental Office in the COMFORT DENTAL system. A typical Dental Office is comprised of three dentists.

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021-2023[1,2]

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	**2021**	**0**
	2022	**0**
	2023	**0**

1. All numbers are as of December 31st of each year.

2. The term "**Outlet**" as used above refers to the Dental Office in the COMFORT DENTAL system. A typical Dental Office is comprised of three dentists.

TABLE NO. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS 2021-2023[1,2]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2021	3	0	0	0	0	1	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Colorado	2021	72	1	0	0	0	0	73
	2022	73	1	0	0	0	0	74
	2023	74	1	0	0	0	0	75
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	4	2	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	1	0	0	0	0	8
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
New Mexico	2021	11	0	0	0	0	0	11
	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
Ohio	2021	16	2	0	0	0	0	18
	2022	18	0	0	0	0	0	18
	2023	18	0	1	0	0	0	17

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Oklahoma	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	0	4
Texas	2021	10	1	0	0	0	0	11
	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
Washington	2021	13	1	0	0	0	0	14
	2022	14	0	0	0	0	1	13
	2023	13	0	0	0	0	1	12
Total	**2021**	**137**	**7**	**0**	**0**	**0**	**2**	**142**
	2022	**142**	**4**	**0**	**0**	**0**	**1**	**145**
	2023	**145**	**2**	**1**	**0**	**0**	**1**	**145**

1. All numbers are as of December 31st of each year.

2. The term "**Outlet**" as used above refers to the Dental Office in the COMFORT DENTAL system. A typical Dental Office is comprised of three dentists.

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021-2023[1,2]

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	**2021**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**

1. All numbers are as of December 31st of each year.

2. The term "**Outlet**" as used above refers to the Dental Office in the COMFORT DENTAL system. A typical Dental Office is comprised of three dentists.

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Location Not Open	Projected Franchised Locations in the Next Fiscal Year	Projected Company Openings in Next Fiscal Year
Colorado	0	1	0
Missouri	0	1	0
Ohio	0	1	0
Oklahoma	0	3	0
Washington	0	1	0
Totals	**0**	**7**	**0**

Exhibit C is a list of the names of all franchisees, and the addresses and telephone numbers of their Dental Offices as of December 31, 2023. Other than those listed on Exhibit D, there are no franchisees who have had an outlet terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement, during the most recently completed fiscal year, or who have not communicated with us in 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No trademark-specific franchisee organizations have asked to be included in this Disclosure Document and we are not aware that any such organizations exist as of the date of this Disclosure Document.

During the last three fiscal years, in some instances, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with CDGI. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21

FINANCIAL STATEMENTS

Exhibit F contains the audited balance sheets of CDGI as of December 31, 2023, and 2022 and the related statements of income, shareholders' equity and cash flows for the years ended December 31, 2023, 2022 and 2021. In addition, Exhibit F contains unaudited financial statements of CDGI as of June 30, 2024. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

Exhibit B Franchise Agreement
- Exhibit I Addendum
- Exhibit II Consulting Agreement
- Exhibit III Sublease Agreement
- Exhibit IV Non-Disclosure & Non-Competition Agreement and Notice of Restrictive Covenants
- Exhibit V Guaranty Agreement
- Exhibit VI Buy and Sell Agreement

Exhibit VII Promissory Note
Exhibit VIII Security Agreement and Financing Statement
Exhibit IX Franchisee Ownership Interests
Exhibit X Business Associate Agreement
Exhibit XI Transfer Amendment
Exhibit H General Release
Exhibit I Notice of Restrictive Covenants

ITEM 23

RECEIPTS

Two copies of a Receipt are attached as Exhibit J to this Disclosure Document.

EXHIBIT A
(TO DISCLOSURE DOCUMENT)

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205
(866) 275-2677

1455 Frazee Road, Suite 315
San Diego, CA 92108
(619) 610-2093
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559
(866) 275-2677

Florida

Department of Agriculture and Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
(850) 488-2221

Hawaii

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

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street
Room E-111
Indianapolis, IN 46204
(317) 232-6681

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

State of Michigan
Consumer Protection Division
Attention: Franchise
P.O. Box 30213
Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

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

North Dakota

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

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

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

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial Protection and Innovation
California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500
(866) 275-2677
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov

Hawaii

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

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-1090

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, IN 46204
(317) 232-6531

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

New York

New York Secretary of State
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

North Dakota

North Dakota Securities Commissioner
600 E. Boulevard Avenue
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, OR 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

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

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of Financial Institutions
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, WI 53703
(608) 261-9555

EXHIBIT B
(TO DISCLOSURE DOCUMENT)

COMFORT DENTAL GROUP, INC.

FRANCHISE AGREEMENT

Comfort Dental Group, Inc.
FRANCHISOR

____
FRANCHISEE

TABLE OF CONTENTS

<u>EXHIBITS</u>

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into between Comfort Dental Group, Inc., a Colorado corporation, with its principal office located at 2540 Kipling Street, Lakewood, Colorado 80215 ("**Franchisor**") and the person(s) listed as Franchisee on the signature block of this Agreement ("**Franchisee**"), as of the date signed by Franchisor and set forth below Franchisor's signature on this Agreement (the "**Effective Date**").

RECITALS

WHEREAS, Franchisor has developed the System for developing and promoting Dental Offices providing full dental services to the general public using the service marks COMFORT DENTAL and related Marks, which are licensed to Franchisor by one of its affiliates.

WHEREAS, the value of the Marks and System include: (i) uniform identification utilizing the Marks in various promotional and advertising programs and other identification schemes; (ii) training and assistance; and (iii) procedures for quality control, all of which may be changed, improved and further developed by Franchisor from time to time in its sole discretion;

WHEREAS, Franchisee understands the importance and necessity of Franchisor's uniform standards of high quality, appearance and service, and the importance of operating its Dental Office in a way that maintains and increases Franchisor's identity and goodwill with the public;

WHEREAS, Franchisee represents that it has the necessary education, professional license, skill, experience and financial ability to operate a Dental Office; and

WHEREAS, Franchisee recognizes and acknowledges the benefits to be derived from being identified and associated with Franchisor and the right to utilize the System and the Marks, and therefore Franchisee desires to obtain a franchise in conjunction with the operation of a Dental Office, in accordance with the terms and conditions of this Agreement.

FOR AND IN CONSIDERATION of the foregoing recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. INTERPRETATION

1.1 Definitions.

Wherever used in this Agreement, the following terms shall have the respective meaning ascribed to them as follows:

(a) "**Agreement**" means this agreement entitled "**Franchise Agreement**" together with the Exhibits attached hereto, and any amendments, if applicable.

(b) "**Dental Office**" or "**Dental Offices**" means a dental office or dental offices, including the one operated by Franchisee hereunder, providing full dental services under the service mark COMFORT DENTAL, and related Marks.

(c) "**Gross Collections**" means the aggregate of Franchisee's sales of any kind for all services and products from or through the Dental Office, actually collected by Franchisee, including any sale of services and products made for cash or upon credit, or partly for cash and partly for credit, regardless of collection of charges for which credit is given, and regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement, but exclusive of discounts, sales taxes or other similar taxes and credits. Gross Collections also include the fair market value of any services or products actually received by Franchisee in barter or exchange for any services and products, all insurance proceeds actually received by Franchisee for loss of business due to a catastrophic event at the Premises and all capitation fees or membership fees paid to Franchisee.

(d) "**Manua**l" means the operations manual together with all books, pamphlets, memoranda, bulletins, directives, instructions and other written electronic materials establishing operational guidance, suggestions and requirements regarding methods, procedures, techniques and specifications for operating and marketing a Dental Office, all of which may be amended by Franchisor from time to time.

(e) "**Marks**" means the trademarks, service marks, trade names, logotypes, insignias, trade dress, designs, graphics and other commercial symbols as Franchisor may license to Franchisee from time to time in connection with the establishment, promotion, development and operation of Franchisee's Dental Office, including without limitation, the service mark COMFORT DENTAL.

(f) "**Original Works**" means the Manual and other original works of authorship of Franchisor or its affiliates.

(g) "**Owner"** means any general partner, limited partner, shareholder, member, trustee or any other person owning an interest in Franchisee.

(h) "**Parties**" means Franchisor and Franchisee, and "**Party**" means either of them.

(i) "**Premises**" means the specific physical location, approved by Franchisor, to be utilized by Franchisee for the operation of Franchisee's Dental Office, as described by a specific street address in Exhibit I.

(j) "**System**" means the uniform identification and proprietary materials including the Marks, the original works, trade secrets and advertising developed by Franchisor, as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor from time to time, for the establishment, operation, and promotion of the Dental Offices.

(k) "**Term**" means the 15-year primary term of this Agreement, unless sooner terminated pursuant to the provisions herein.

1.2 Exhibits.

The following Exhibits are annexed hereto and form a part of this Agreement:

Exhibit I	Addendum
Exhibit II	Consulting Agreement
Exhibit III	Sublease Agreement
Exhibit IV	Non-Disclosure & Non-Competition Agreement and Notice of Restrictive Covenants
Exhibit V	Guaranty Agreement
Exhibit VI	Buy and Sell Agreement

Exhibit VII	Promissory Note
Exhibit VIII	Security Agreement and Financing Statement
Exhibit IX	Franchisee Ownership Interests
Exhibit X	Business Associate Agreement
Exhibit XI	Transfer Amendment

2. GRANT AND SCOPE OF OPERATIONS

2.1 Grant of Franchise and Scope of Operations. Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, the right to use the System and the Marks in connection with developing, promoting and operating a Dental Office during the term, upon the terms and subject to the provisions herein. Through this Agreement, Franchisee has approval to establish and operate one Dental Office at the Premises. Franchisee must enter into a separate franchise agreement with Franchisor for each additional Dental Office that Franchisee establishes and operates. Franchisee agrees to use the Marks as they are changed, improved and further developed by Franchisor and its affiliates from time to time. Franchisee agrees at all times to faithfully, honestly and diligently perform its obligations under this Agreement, to use its best efforts to promote the Dental Office utilizing the Marks and not to engage in any other business or activity that conflicts with the operation of the Dental Office. Franchisee has had an opportunity to review the services and products that Franchisor requires all Franchisees to offer, and agrees that the offering of those products and services is in the best interests of its patients. Therefore, Franchisee shall offer all services and products designated by Franchisor, and Franchisee shall implement any additions and changes to the services and products required by Franchisor from time to time. In no event shall Franchisee be required to offer products or services that Franchisee or its Owners believe are not in the best interests of their patients. Franchisee shall not provide or cause others to provide any services or products outside of the Premises.

2.2 Rights Reserved by Franchisor. Franchisee acknowledges that the franchise granted under this Agreement is nonexclusive, that Franchisee has no territorial protection and that Franchisor and its affiliates reserve certain rights (without compensation or obligation whatsoever to Franchisee, unless specifically set forth herein) as set forth below:

The following rights are reserved for Franchisor: (a) to use, and to grant others the right to use, the System and the Marks to establish and operate Dental Offices at any location other than the Premises; (b) to use and license others to use the Marks and the System, or different proprietary marks or methods (for example, if Franchisor acquires or is acquired by another business that provides similar services as a Dental Office) in connection with the sale of services or products similar to or the same as those which Franchisee sells, including but not limited to, dental services, whether in alternative channels of distribution or through owning, developing, operating or franchising offices which are the same as, or similar to, or different from Dental Offices, at any location and on any terms and conditions as determined by Franchisor; (c) to use the Marks to identify any type of services or products, promotional and marketing efforts or related items, and to identify services and products distributed or otherwise made available through alternative channels of distribution (other than Dental Offices) at any location, and on any terms and conditions as Franchisor determines including, but not limited to, sales through channels such as schools, churches, short-term health fairs, events to benefit indigent patients, events that benefit charities, wholesale or retail distribution, Internet marketing, social media marketing, mail order, catalog or retail store display; and (d) to engage in any other activities not expressly prohibited under the terms of this Agreement, including but not limited to, operating or granting a third party the right to operate a Dental Office that Franchisor or its designee has acquired as a result of a purchase right that Franchisor may have by a separate agreement. Franchisor has no obligation to compensate Franchisee if Franchisor or its affiliates exercise any of these rights.

2.3 Term and Renewal. The Term of this Agreement is for a period of 15 years from the Effective Date, unless sooner terminated as provided herein. Franchisee shall have the option to renew this Agreement for up to two renewal terms of 10 years each, to take effect upon the expiration of the Term or first renewal term, as applicable, provided that each of the following conditions have been fulfilled:

(a) Compliance With Agreements. Franchisee has fully complied during the Term or a renewal term, with all of the required provisions of this Agreement, the Manual and any other agreement between the Parties or their affiliates, as well as any other agreement between Franchisee and any third party relating to the Dental Office or the operation thereof;

(b) Payment of Obligations. Franchisee has satisfied all monetary obligations to Franchisor and its affiliates (including the payment of Royalty Fees and other fees) and has timely met such obligations throughout the Term;

(c) Default. Franchisee is not in default or under notification of breach of this Agreement, or any other agreement between the Parties or their affiliates, at the time it gives Notice (defined below) of its intent to renew this Agreement;

(d) Breach. Franchisee has not received notice from Franchisor of a breach of this Agreement, or any other agreement between the Parties or their affiliates, three or more times during the Term or any renewal term, regardless of whether the default has been cured;

(e) Renovation. Franchisee has made all capital expenditures at its sole expense to update, renovate, refurbish, remodel, redecorate and modernize the Premises as prescribed during the Term, and any renewal term, to reflect a uniform, well-maintained, and up-to-date appearance as found in new Dental Offices under the then-current Manual;

(f) Franchise Agreement. Franchisee has, if requested by Franchisor, executed Franchisor's then-current form of franchise agreement and all other agreements, instruments and documents then customarily used by Franchisor in the granting of franchises, any of which may contain terms materially different from those in this Agreement, including terms changing the Royalty Fees and other fee amounts, but Franchisee shall not be required to pay a new Initial Franchise Fee (defined in Section 6.1) or a new Consulting Fee (defined in Section 6.4);

(g) Premises. Franchisee has secured the right to remain in possession of the Premises or another location acceptable to Franchisor throughout the successor term; and

(h) Release. Franchisee (together with its Owners and guarantors, if any) has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates and their respective officers, directors, partners, agents and employees arising out of or relating to this Agreement and the Parties' relationship.

2.4 Exercise of Renewal. Franchisee may exercise an option to renew by providing Franchisor with Notice at least 180 days prior to the expiration of the Term or first renewal term, as applicable. Franchisee must also pay to Franchisor a renewal fee ("**Renewal Fee**") of Fifteen Thousand Dollars ($15,000) concurrently with the execution of the general release to cover Franchisor's expenses related to reviewing Franchisee's operations and approving the renewal.

2.5 Conditions of Refusal. Franchisor shall not be obligated to offer Franchisee a successor franchise upon the expiration of this Agreement if Franchisee fails to comply with any of the above conditions of renewal. Franchisor will give Franchisee notice of expiration at least 180 days before the expiration of the Term or renewal term (unless such refusal is due to Franchisee's failure to sign the new Franchise Agreement or pay the Renewal Fee later than that time), and such notice will set forth the reasons for Franchisor's refusal to offer successor franchise rights. Upon the expiration of this Agreement, Franchisee shall comply with the provisions of Article 9 below.

3. PREMISES

3.1 Selection and Sublease of the Premises. The Parties acknowledge that it is essential for the Premises selected for the operation of the Dental Office to conform to standards developed by Franchisor and to otherwise comply with the System's specifications. Franchisor or one of its affiliates will either own the Premises or lease the Premises from the third-party owner. Franchisee must sublease the Premises from Franchisor or one of its affiliates utilizing either the form of Sublease Agreement attached hereto as Exhibit III ("**Sublease**") or the sublease agreement provided by such third-party owner.

3.2 Acknowledgment of Franchisee. Franchisee acknowledges and warrants that (a) the selection or approval by Franchisor of the Premises, and any information imparted to Franchisee in connection therewith, does not constitute a guaranty, representation, recommendation or endorsement of any kind, express or implied, as to the suitability of the Premises for a Dental Office or for any other purpose; and (b) its acceptance of the Premises for the operation of the Dental Office is based on its own independent investigation of the suitability thereof.

3.3 Development of the Premises. Franchisor or its affiliates shall, within one year of the Effective Date, perform the initial development, construction and build-out of the Premises and outfit, equip and decorate it with the required equipment and supplies, all in conformity with the plans, drawings, standards, specifications and requirements approved by Franchisor and approved by Franchisee. All costs and expenses associated with, arising from, as a result of or relating to the obligations in this Article 3 shall be borne solely by Franchisor and its affiliates. Specifically, such obligations include the following:

(a) Zoning and Permits. Ensuring compliance with, and acquisition of, all required zoning changes and all required building, utility, health, sanitation and sign permits, and any other required permits;

(b) Equipment. Purchasing or leasing all of the equipment, fixtures, furniture and signs required to operate the Dental Office;

(c) Construction and Equipping of Premises. Constructing the Premises, as well as decorating and equipping it with all necessary dental equipment and initial supplies; and

(d) Liens. Acquiring all customary contractor's sworn statements and partial and final waivers of lien for construction, decorating and installation services.

3.4 Dental Office Opening. Immediately upon Franchisor's completion of construction of the Premises as set forth above, and after receipt of Franchisor's written consent, Franchisee shall commence operation of the Dental Office and open for business to the public. Franchisor's consent will not be unreasonably withheld, but shall not be granted until Franchisor has approved the Premises and Franchisee has: (1) paid all fees and other amounts then due to Franchisor and their affiliates; (2) furnished copies of all insurance policies required by this Agreement or the Manual; and (3) otherwise completed all other pre-opening tasks as reasonably required by Franchisor or its affiliates. Franchisor shall, as it deems necessary and subject to applicable laws, provide on-site guidance, advice and aid in opening the Dental Office.

3.5 Failure to Open the Dental Office. If Franchisee is unable to open and commence operation of the Dental Office due to circumstances beyond Franchisee's reasonable control, other than Franchisee's inability to commence as a result of financial difficulties, Franchisor, in its sole discretion, may grant Franchisee such additional time to commence its operations as may be reasonably required.

4. FRANCHISOR'S OBLIGATIONS

4.1 Obligations of Franchisor. During the Term, Franchisor agrees to provide Franchisee with the following services:

(a) Training. Prior to commencing operation of the Dental Office, Franchisee and each of its Owners shall be required to attend and successfully complete, to Franchisor's satisfaction, an initial training program. The initial training program may include some or all of the following: (i) attend potential franchisee orientation meeting (PPOD), (ii) read the Manual, various newsletters and other written materials, (iii) review instructional CDs, DVDs or videos, (iv) participate in on-the-job training for one day in Franchisor's affiliate's lab, (v) accompany and observe an existing Dental Office franchisee for two days, and (vi) any other initial training as required by Franchisor or its affiliates from time to time. Portions of the initial training program may be completed at Franchisee's home or office, and the on-the-job portions may be completed at the location of Franchisor's affiliate, Budget Dental Lab, and at a Dental Office designated by Franchisor, or via webinar or other remote transmission, in Franchisor's sole discretion. Franchisee shall be responsible for any and all travel, food and living expenses incurred in connection with attending the training programs, as well as wages or salaries, if any, of the person(s) receiving training.

(b) Operations Manual. During the Term, Franchisor will loan to Franchisee a copy of the Manual. The Manual is the sole property of Franchisor and it is to be used by Franchisee during the Term. The Manual is the primary means by which Franchisor sets forth certain requirements, expectations and suggested standards for the System. Franchisee and Owners will have the opportunity to review the Manual and agree that it does not impinge in any way on their ability to exercise their independent clinical judgment. Franchisee shall comply with the mandatory terms of the Manual, as revised during the Term, as an essential part of its obligations under this Agreement. The mandatory specifications, standards and operating procedures in the Manual, or otherwise communicated to Franchisee in writing, shall be an integral part of this Agreement as if fully set forth herein.

Franchisor reserves the right to revise the Manual from time to time as it deems necessary, to update operating and marketing techniques or standards and specifications as long as those updates do not affect Owners' ability to exercise their independent clinical judgment and/or legal obligations as licensed dentists; provided, however, no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Franchisee shall in turn update its copy of the Manual as instructed by Franchisor, promptly conform its operations with the updates and ensure that its Owners, employees and all persons under its control comply with the mandatory provisions of the revised Manual. Franchisee acknowledges that the master copy of the Manual maintained by Franchisor at its principal office controls in the event of a dispute over its contents.

At Franchisor's option, it may communicate updates regarding the Manual via written newsletters or electronic mail or post some or all of the Manual on a restricted website, intranet or extranet to which Franchisee will have access. If Franchisor does so, Franchisee agrees to regularly read the newsletters, monitor and access its electronic mail account and the website for updates to the Manual. Any password or other digital identification necessary to access any such electronic materials, including the website, will be deemed to be Confidential Information, subject to Article 5 of this Agreement.

The Manual is confidential and valuable and contains Franchisor's proprietary information and trade secrets. Therefore, Franchisee agrees not to copy, duplicate, record or otherwise reproduce the Manual in any way, or to disclose its contents to persons other than those who need to know its contents for the operation of the Dental Office and who have executed (i) the Non-Disclosure and Non-Competition Agreement in the form attached hereto as Exhibit IV, ("**NDA**"), and (ii) the Notice of Restrictive Covenants ("**Notice**") and waited for the time period required under applicable law, attached hereto as Exhibit IV. Franchisee further agrees to return the Manual to Franchisor immediately upon the expiration, termination or transfer of this Agreement.

(c) Advertising. Franchisor has created a Marketing Fund for such advertising, advertising-related, marketing and public relations programs, services and materials as Franchisor, in the exercise of its reasonable business judgment, may deem necessary or appropriate to promote the System. Franchisee agrees to pay to Franchisor or its designee (which may be one or more of Franchisor's affiliates), marketing and promotion fees ("**Marketing Fees**") equal to Four Thousand and no/100 Dollars ($4,000) per month, which shall be paid by Franchisor into the Marketing Fund.

The Marketing Fees shall be paid monthly by check made payable to Franchisor concurrently with the payment of the Royalty Fees. Upon request, Franchisee shall execute such forms that Franchisor and its affiliates require to allow the preauthorized payment of Marketing Fees by electronic transfer of funds from Franchisee's bank account into the account designated by Franchisor. Any Marketing Fees collected by or for Franchisor will be deposited in one or more separate accounts comprising the Marketing Fund. The Marketing Fees will be subject to the same late charges as the Royalty Fees. The Marketing Fund is not audited. Upon written request by Franchisee, Franchisor will make available to Franchisee, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Marketing Fund which indicates how deposits have been spent in the most recently concluded calendar year. Franchisor and its affiliates may contribute to the Marketing Fund but are not obligated to do so. Franchisor and its affiliates have the right to deposit into the Marketing Fund any advertising, marketing or similar allowances paid by any Vendor (defined herein) who deals with the Dental Offices and with whom Franchisor and its affiliates have agreed that they will (or if Franchisor and its affiliates otherwise choose to) so deposit such allowances. Dental Offices that Franchisor or its affiliates own are not required to contribute to the Marketing Fund.

The Marketing Fund will be administered and controlled by Franchisor or its designated representatives (which may be one or more of Franchisor's affiliates), and Franchisor shall have sole discretion over all matters relating to the Marketing Fund including, but not limited to, its management, all financial matters, expenditures, receipts or investments, timing of expenditures, media placement and the allocation thereof. The Marketing Fund may be used for the production and placement of media advertising, direct response literature, commercials, direct mailings, brochures, signage, collateral advertising material, surveys of advertising effectiveness and other advertising or public relations expenditures relating to advertising the services and products, the development of creative concepts, market research (including tests and surveys), employing professional services or agencies, materials and personnel to support the marketing function, and creating, producing and implementing websites for Franchisor and its franchisees. Franchisor may also, in the exercise of its reasonable business judgment, arrange for services and goods to be provided to the Marketing Fund by Franchisor, any affiliate and/or their employees or agents (such as an "in-house" advertising agency). Franchisee consents to the marketing of its Dental Office by Franchisor or its designated representatives in Franchisor's sole discretion.

The Marketing Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except Franchisor may reimburse itself or its representatives for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, legal expenses, taxes and other reasonable direct and indirect expenses incurred by Franchisor or its representatives in connection with the campaigns and programs funded by the Marketing Fund. The Marketing Fund will not be Franchisor's asset. Franchisor and its representatives will not be liable for any act or omission that is consistent with this Agreement and done in good faith. Franchisor and its representatives may spend in any calendar year more or less than the aggregate contribution to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others (including Franchisor's affiliates) to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. Franchisor may cause the Marketing Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties specified in this Article 4. Franchisor and its representatives undertake no obligation to ensure that the Marketing Fund benefits each Dental Office in proportion to its respective Marketing Fees, and some may have different marketing contribution obligations than those in this Agreement. The Marketing Fund's primary purpose is to support sales and build brand identity; provided, however that the Marketing Fund may be used, in part, for dentist recruitment efforts for the benefit of the System. Franchisee agrees to participate in any promotion campaigns and advertising programs that the Marketing Fund periodically establishes. Marketing materials and advertisements of specific Dental Offices shall be subject to the franchisee-owner(s)' review and approval where required by applicable law.

Franchisor and its representatives have the right, but no obligation, at any time to (i) use collection agents and institute legal proceedings to collect Marketing Fees at the Marketing Fund's expense; (ii) forgive, waive, settle and compromise all claims by or against the Marketing Fund; and (iii) defer or reduce Marketing Fees of any franchisee and, upon 30 days' prior written notice to Franchisee, suspend Marketing Fees and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period.

(d) Advice and Guidance. Upon and after the commencement of operations of the Dental Office, and pursuant to the terms of the Consulting Agreement attached hereto as Exhibit II ("**Consulting Agreement**"), Franchisor or its affiliates shall provide Franchisee with advice, guidance and assistance on issues during the Term, including the following: (i) the continued operation and management of the Dental Office; (ii) advertising, marketing and promotions; (iii) appointment control; (iv) invoicing and collection procedures; (v) financial analysis; (vi) case presentation; (vii) purchasing procedures and dealing with any Vendors; (viii) patient relations; (ix) ongoing updates of information and programs related to the dental industry; and (x) overall quality control. The consulting services shall be in the form of the Manual, telephonic conversations and in-person consultations. Unless otherwise noted, the advice, guidance and assistance provided as part of the consulting services will be suggestions. Franchisee and Owners will have the option of implementing any optional advice or guidance. The consulting services provided by Franchisor shall in no way impinge on an Owner's exercise of his or her independent clinical judgment. Owners are free to make their own patient diagnosis, referrals to other dentists or specialists, choose appropriate diagnostic tests and treatment plans. Franchisor has no control over patient dental records, and Owners retain ownership of such records. Patient care decisions are the sole responsibility of Owners. As part of the consulting services, Franchisor may conduct inspections of the Dental Office and its operations and advise Franchisee of any concerns in the form of direct feedback or reports. Franchisor will not charge Franchisee other than the Consulting Fees (defined herein) for such services, except that Franchisor may make reasonable additional charges for operating assistance made necessary in its judgment as a result of Franchisee's failure to comply with any provision of this Agreement. If requested by Franchisee and upon the concurrence of Franchisor, Franchisor will provide additional consulting services, guidance and operating assistance at Franchisor's then-current rates.

Franchisor may from time to time offer guidance and suggestions to Franchisee related to the prices of the services and products that in its judgment constitute good business practice. Franchisee will have the sole right to determine the prices and fees to be charged by the Dental Office, except that Franchisor may, to the greatest degree permitted by applicable law, specify maximum prices above which Franchisee will not sell or otherwise provide any services or goods, and Franchisee will comply with all such maximum prices.

(e) Operating Supplies. Upon completion of construction of the Premises and as set forth in Article 6 of this Agreement, Franchisor shall provide Franchisee with the initial furniture, fixtures, equipment and supplies necessary for the operation of the Dental Office, including an estimated one month supply of consumable, basic dental supplies, such as instruments, gloves and masks.

4.2 Franchisee Default. Franchisor's obligations to Franchisee shall be suspended during any period of time that Franchisee is in default or under notification of breach of this Agreement or any other agreement between the Parties or their affiliates.

5. FRANCHISEE'S OBLIGATIONS

5.1 Use of the Premises. Franchisee shall use the Premises solely and exclusively for the operation of the Dental Office in compliance with all of the System's standards for operations, including those related to layout, design and appearance.

5.2 Quality Control. Nothing in this Agreement shall be read to give Franchisor control over the clinical aspects of the Franchisee's operations including patient diagnosis, referrals to other dentists or specialists, choosing the appropriate diagnostic testing, the contents of a patient's dental records, ownership of patients' dental records, or treatment planning. Patient care decisions are the sole responsibility of the Franchisee. In addition, Franchisor retains no control over dentist scheduling, treatment coding, insurance plan contracting, insurance and patient billing, equipment and supply purchases, hiring or firing employees, employee benefits, employee work schedules, employee supervision, and employment policies.

(a) Standards and Specifications. Franchisor will establish, and Franchisee shall comply with, required standards and specifications for the appearance and operation of the Dental Office and the required uniforms, materials, forms and supplies used in connection with the Dental Office. Franchisor and its affiliates reserve the right, from time to time, to change such standards and specifications, and Franchisee agrees to promptly comply with the changes as they are communicated.

(b) Inspections. Franchisor and its representatives (which may be one or more of its affiliates) shall have the right to the greatest degree permitted by applicable law, to conduct inspections, interview patients, examine the Dental Office and examine or copy its books, records and documents, including, without limitation, the uniforms, materials, forms and supplies, to ensure compliance with all mandatory standards and specifications set by Franchisor. Such inspections may be conducted without prior notice to Franchisee, and Franchisee shall cooperate with the inspectors by rendering assistance as they may reasonably request and, upon notice from the inspectors and without limiting such inspectors' other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection, including, without limitation, immediately refraining from the further use of any equipment, advertising materials, products, supplies or other items that do not conform to Franchisor's then-current specifications, standards or requirements.

(c) Services and Products. Subject to applicable law: (i) Franchisee is prohibited from offering or selling any services or products from or through the Dental Office that have not been previously approved by Franchisor, which approval shall be within Franchisor's reasonable discretion; (ii) if Franchisee proposes to offer, conduct or utilize any services, products, materials, forms, items or supplies in connection with or for sale through the Dental Office that are not approved by Franchisor, Franchisee shall first notify Franchisor in writing requesting approval; and (iii) in order to make such determination, Franchisor may require submission of specifications, information or samples of such services, products, materials, forms, items or supplies. Franchisor will advise Franchisee within 10 business days whether such samples satisfy its specifications. A charge not to exceed the actual cost of the review may be made by Franchisor and shall be promptly paid by Franchisee. Also subject to applicable law, if Franchisor determines that Franchisee fails to meet Franchisor's standards and specifications in connection with the provision of any service or product, Franchisor may permanently or temporarily terminate Franchisee's right to offer such service or product, provided that nothing contained herein shall be deemed a waiver of any termination rights as provided under the terms of this Agreement.

(d) Approved Vendors. Subject to compliance with applicable laws: (i) Franchisor and its affiliates reserve the right to approve or designate, from time to time, manufacturers, vendors, distributors, suppliers, service providers and producers (collectively, "**Vendors**"), terms and distribution methods for any services and products which may include, but shall not be limited to, services, products, insurance, supplies, equipment and materials; (ii) Franchisee shall purchase all of the services and products required for the operation of its Dental Office, including the initial furniture, fixtures, equipment and supplies necessary for the Dental Office to open for business, only from such approved or designated Vendors under terms and in the manner designated by Franchisor or any of its affiliates, unless otherwise authorized in writing by Franchisor; and (iii) if Franchisor or any of its affiliates requires any Vendor services or products to be purchased through approved and/or designated third party distributors, then Franchisee shall purchase such services and products from such distributors pursuant to the terms and in the manner approved by Franchisor or its affiliates. Notwithstanding the foregoing, the exclusive use of approved or designated Vendors is not required if the patient provides a written request that such non-approved Vendor provide an item or service, where a patient's insurer requires, in writing, the use of a non-approved Vendor for certain items or services, where the prescribed service or product is not available from an approved Vendor or is materially different from the service or product available from approved vendors, or, in the treating dentist's judgment the use of an approved Vendor is determined not to be in the best interest of the patient. Also subject to applicable law, Franchisee acknowledges and agrees that: (1) there may be only one approved Vendor for any given service or product; (2) such approved Vendor may be Franchisor, any of its affiliates, or any other approved Vendor; and (3) Franchisor or its affiliates may derive revenue or profit from such transactions in the form of rebates, management fees for arranging services, or other forms. Franchisor may use such revenue or profit without restriction.

(e) Request for Change in Vendor. In the event Franchisee desires to purchase equipment, furniture, products, services, supplies or materials from manufacturers, suppliers or distributors other than an approved Vendor, Franchisee shall, prior to purchasing any such equipment, furniture, products, services, supplies or materials, give Franchisor a written request to change supplier. Franchisor shall notify Franchisee in writing of the approval or rejection of the proposed supplier within 10 business days of Franchisor's receipt of Franchisee's written request. Franchisor and its affiliates will not unreasonably withhold their approval of the proposed manufacturer, supplier or distributor, subject only to the limitations set forth above; however, in order to make such determination, Franchisor and its affiliates may require that samples from a proposed new supplier be delivered for testing prior to approval and use. A charge not to exceed the actual cost of the test may be made by Franchisor and shall be promptly paid by Franchisee.

5.3 **Business Operations**.

(a) Goodwill and Non-Disparagement. The reputation and goodwill of Franchisor and the Dental Office are based upon, and can be maintained and enhanced only by, the professional conduct of the Franchisee providing high quality dental services and the continued satisfaction of the patients. For example, Franchisee shall: (i) maintain a clean and safe Dental Office and otherwise operate it so as not to detract from or adversely reflect upon the name, reputation or goodwill of Franchisor or the Marks; (ii) use the standard forms and reports; and (iii) follow the requirements for the preparation and retention of records as detailed by applicable law. In consideration of the accommodations provided to Franchisee and concessions made by Franchisor and its affiliates under this Agreement, Franchisee agrees not to, and to use its best efforts to cause its current and former affiliates, shareholders, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, successors and assigns not to disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or its affiliates or their respective current and former agents, principals, officers, directors, shareholders, members, employees, subfranchisors, franchisees, subfranchisees, representatives, attorneys, parents, predecessors, subsidiaries, successors and assigns, any aspect of the COMFORT DENTAL brand, the Marks, any aspect of the COMFORT DENTAL System, or any other intellectual property of Franchisor or its affiliates, which would subject the COMFORT DENTAL brand to ridicule, scandal, reproach, scorn or indignity, or which would negatively impact the goodwill of Franchisor or its brand.

(b) Approval of Advertising and Compliance. Subject to applicable law: (i) Franchisee shall obtain Franchisor's prior written approval of all advertising, marketing or promotional items not previously approved by Franchisor regarding the Dental Office, including, without limitation, newspaper ads, flyers, brochures, coupons, direct mail pieces, specialty and novelty items, radio and television advertising, Internet ads and home pages and domain names on any common carrier electronic delivery system; and (ii) any proposed uses not previously approved by Franchisor specifically with respect to Franchisee or the Dental Office shall be submitted to Franchisor or its affiliate at least 20 days prior to publication, broadcast or use. Franchisee acknowledges that advertising and promoting the Dental Office in accordance with Franchisor's and standards and specifications are essential aspects of the System, and Franchisee agrees to comply with all advertising standards and specifications, including ensuring that all advertising and promotional materials, signs, decorations, paper goods (including all forms and stationery used in the Dental Office) bear the Marks in the manner prescribed by Franchisor. Franchisee also agrees to participate in any grand opening, promotion, local marketing campaigns and other programs established by Franchisor or its affiliates. Notwithstanding the foregoing, Franchisee shall have the opportunity to review and approve any Dental Office advertisements specific to his/her practice where required by applicable law.

(c) Compliance with Laws and Good Business Practices. Franchisee represents that all Owners of Franchisee are licensed to practice dentistry in the state where the Dental Office is located and each of them shall maintain their licenses from the state, including certifications from any applicable board or professional association, throughout the Term of this Agreement. Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Dental Office and shall operate the Dental Office in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to health and safety, occupational hazards and health, workmen's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and use taxes. In addition, Franchisee is responsible for complying with all federal, state or local regulations or codes, including all state and federal data privacy laws, data security laws, labor and employment laws, laws prohibiting kick-backs, laws protecting health care data, and any insurance requirements necessary for the operation of the Dental Office, including but not limited to, compliance with Medicaid and the Department of Veterans Affairs ("**VA**") laws and regulations if Franchisee chooses to work with these or other government programs. Franchisee acknowledges that Franchisee is solely responsible for complying with local, state and federal rules and regulations, including Medicaid and VA rules and regulations. Franchisee shall determine if it is a covered entity, as defined by the federal Health Insurance Portability and Accountability Act of 1996, as amended, ("**HIPAA**") and if it is, Franchisee must comply with HIPAA when Franchisee accesses, receives, maintains, stores, uses and/or discloses Protected Health Information (as defined in 45 C.F.R. §160.103). For purposes of this Agreement, Franchisee and Franchisor agree that Franchisor shall be a Business Associate of Franchisee. As a Business Associate, Franchisor agrees to comply with the applicable provisions of HIPAA. A form of Business Associate Agreement is attached hereto as Exhibit X. Franchisor shall keep the patient lists, patient data and any related Protected Health Information in accordance with HIPAA. In other circumstances where Franchisor requests patient information from Franchisee, Franchisor shall not use or disclose information except as permitted under this Agreement or the HIPAA Security and Privacy Rules at 45 C.F.R. parts 160 and 164, or as required by law.

(d) Operation of Dental Office. Upon request, Franchisee shall supply Franchisor with a copy of all required licenses, permits and certificates relating to the operation of the Dental Office. Franchisee shall maintain the Dental Office at the highest level of sanitation, repair and condition, and in connection therewith shall operate it in such a manner so as to promote a good public image in the business community and to enhance the goodwill of Franchisor, the System, the Dental Offices and the Marks. Franchisee agrees to refrain from any business or advertising practice that may be injurious to Franchisor, the System, the Dental Offices or the valuable goodwill associated with the Marks. Franchisee shall (i) furnish to Franchisor, within five days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain state or local health, safety or dental practice standards in the operation of the Dental Office, and (ii) notify Franchisor in writing within five days of the commencement of any action, suit or proceeding, or the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee or the Dental Office.

(e) Renovation. Franchisee agrees to renovate, refurbish, remodel, redecorate or replace, at its own expense, the personal property and equipment used in operating the Dental Office when reasonably required by Franchisor (which shall not be more often than once every three years) in order to comply with the image, design, trade dress, color schemes, and required standards of operation established by Franchisor or the Manual from time to time. If Franchisor changes its image or standards of operation, it shall provide Franchisee a reasonable period of time within which to comply with such changes. In addition, Franchisee shall make such minor additions, alterations, repairs and replacements to the Dental Office (but no others without Franchisor's prior written consent) as may be required for the purpose of promoting a good public image, including, without limitation, such periodic repairs to or repainting or replacement of obsolete signs, furnishings, equipment and decor as Franchisor may reasonably direct.

(f) Management of the Dental Office and Conflicting Interests. Franchisee shall at all times during the Term own and control the Dental Office, and the Dental Office shall always be under the direct supervision of Franchisee or its Owners. In order to exercise direct supervision, the Owners shall live within 60 miles of the Dental Office. Upon request of Franchisor, Franchisee shall promptly provide satisfactory proof of such ownership. Franchisee represents that the Franchisee Ownership Interests stated in Exhibit IX, attached hereto, is true, complete, accurate and not misleading. Franchisee shall promptly provide Franchisor with written notification if it wishes to change any of the information contained therein and shall also comply with the applicable transfer provisions contained herein. Franchisee acknowledges that, if Franchisee is an entity, Franchisor may require the individual Owners of Franchisee to guarantee the performance of Franchisee and sign the Guaranty Agreement attached hereto as Exhibit V. Franchisee and its Owners shall continuously exert their best efforts to promote and enhance the Dental Office and will not engage in any other business or activity that may conflict with their obligations hereunder. Franchisee shall comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the Term:

(1) Franchisee shall furnish Franchisor with its partnership agreement, other organizational and governing documents and any other documents Franchisor may reasonably request, including any amendments thereto;

(2) Franchisee shall confine its activities, and its organizational and governing documents shall at all times provide that its activities are confined, exclusively, to operating the Dental Office; and

(3) Franchisee shall maintain stop transfer instructions against the transfer on its records of any equity securities or other ownership interests, and shall issue no securities or other evidence of ownership interest upon the face of which the following printed legend, or language substantially similar thereto, does not legibly and conspicuously appear:

> *The transfer of this certificate and the ownership interests represented hereby is subject to the terms and conditions of one or more franchise agreements with Comfort Dental Group, Inc. and a buy and sell agreement between the franchisee and the owners. Reference is made to the provisions of the said franchise agreement(s), buy and sell agreement and to the organizational and governing documents of this entity.*

(g) Insurance. Franchisee agrees to purchase prior to commencing operations of the Dental Office, such policies of insurance of the types, in the minimum amounts and with such minimum terms and conditions as Franchisor from time to time prescribes in the Manual or otherwise. Such policies shall include all risk insurance for all property of the Dental Office with coverage on a replacement cost basis, professional malpractice, product liability, business interruption, employee honesty and liability and comprehensive general liability insurance for and in respect of the Dental Office. Franchisee shall also carry insurance coverage to at least provide (i) an all risk floater for the replacement value of signs, fixtures, furnishings, equipment and stock in the minimum amount of $500,000, (ii) fire and extended coverage insurance on the Premises in an amount sufficient to prevent the application of any co-insurance clauses and, in any event, in an amount not less than 85% of the then full insurance value, (iii) property, operations liability and comprehensive business liability with a minimum of $1,000,000 per occurrence, $2,000,000 aggregate, (iv) professional malpractice insurance covering all persons performing professional dental services with a minimum limit of $1,000,000 per occurrence, $3,000,000 aggregate, (v) business interruption insurance to fully insure a three month interruption of business, and (vi) unemployment and workers' compensation insurance with broad form all-states endorsement coverage sufficient to meet the requirements of applicable law. If no such law exists, Franchisee must obtain such unemployment and workers' compensation insurance as required by Franchisor. Franchisee shall also carry primary automobile liability insurance with a minimum limit of $100,000 bodily injury per person, $500,000 per occurrence (including, but not limited to, owned automobiles, titled or leased in the name of Franchisee or its Owners and used at any time, whether principally or occasionally in the operation of the Dental Office, hired and non-owned coverage). All insurance policies must be issued by an insurance carrier rated A or better by A. M. Best & Company, Inc. Franchisee acknowledges that, by establishing required minimum insurance, Franchisor is not advising Franchisee that such minimum insurance is sufficient, that it complies with applicable laws, or that it is all that Franchisee needs or should procure for its the Dental Office. Franchisee agrees to seek the advice of its insurance advisor with respect to the sufficiency of such insurance.

In all of the above policies, Franchisor and its affiliates shall be named as additional insureds, the policies shall provide for 30 days' written notice to Franchisor prior to cancellation, termination, expiration, modification or reduction in coverage and the policies shall contain a waiver of subrogation rights against Franchisor and its affiliates. Franchisee agrees to provide Franchisor with certificates of insurance on an annual basis showing such policies to be in full force and effect, and evidence that such policies have been renewed and premiums paid prior to expiration, and shall promptly notify Franchisor of all current claims thereunder and for the previous year. Upon 30 days' written notice to Franchisee, Franchisor may reasonably increase the minimum protection requirements of any policy and require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to Franchisor, on demand, any costs, fees, service charges and premiums incurred by Franchisor. In addition to all other remedies, Franchisor may demand that Franchisee cease operation of the Dental Office until coverage is reinstated. Franchisee's obligation to obtain and maintain the insurance described herein shall not be limited in any way by reason of any insurance maintained by Franchisor, nor shall Franchisor's performance of such obligations relieve Franchisee of any obligations under the indemnification provisions of this Agreement.

(h) Franchisee Meetings. Franchisee shall attend all regular meetings of franchisees called by Franchisor or committees thereof and all special meetings which Franchisor in its sole discretion deems necessary.

(i) Continued Operations. During the Term, Franchisee and each of its Owners shall promote and continually operate the Dental Office as specified in the Manual. In the event Franchisee or any of its Owners is absent from the Premises at any time during the Term for a period greater than 28 consecutive calendar days for any reason other than illness or parental leave, Franchisor shall have the right, at its option, to require Franchisee to sell its interest, including the Assets (defined below), in the Dental Office to Franchisor or its designee under the terms and conditions set forth in this Agreement.

5.4 Confidentiality.

(a) Confidential Information. Franchisor possesses certain confidential information and trade secrets, including all information comprising the Manual, relating to methods, specifications, standards, procedures, data, systems, knowledge of and experience in the operation of a Dental Office (collectively, the "**Confidential Information**"). Additionally, any and all information, knowledge, trade secrets and know-how that Franchisor designates as confidential shall be deemed Confidential Information for purposes of this Agreement, without any other proof of trade secrecy (under common law, statute or otherwise) required to be made. Franchisor will be disclosing certain Confidential Information to Franchisee during the Term. Franchisee understands and acknowledges that it will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of the Dental Office, and that the use or duplication of the Confidential Information in any other business endeavor would constitute an unfair method of competition. Franchisee acknowledges, and shall ensure that each of the Bound Parties (defined below) acknowledges, that the Confidential Information is proprietary, includes trade secrets of Franchisor and is disclosed to Franchisee solely on the condition that Franchisee ensures each of the Bound Parties agrees that it: (i) will exercise the highest degree of diligence and effort to maintain the absolute confidentiality of the Confidential Information during and after the Term; (ii) will not copy, duplicate, record or otherwise reproduce the Confidential

Information in whole or in part nor otherwise make the same available to any unauthorized person; (iii) will disclose Confidential Information only to Franchisee's Owners, partners, employees or agents who must have access to it in connection with the operation of the Dental Office or their employment and who have executed the NDA; (iv) will not, during the Term or thereafter, communicate or divulge any Confidential Information to, or use for the benefit of, any other person or in any manner not specifically authorized in writing by Franchisor; and (v) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent the unauthorized use or disclosure of any Confidential Information. Franchisee agrees that it will be completely responsible for maintaining the secrecy and confidentiality of the Confidential Information disclosed to Franchisee and will be responsible in this regard for the actions and activities of all of its Owners, partners, employees and agents. Franchisee further agrees that it is Franchisee's intent that the provisions of this Article 5 be construed as broadly as possible to maximize the protection afforded Franchisor.

(b) Violation of Confidentiality Covenants. Franchisee acknowledges that any failure to comply with these confidentiality requirements will be deemed to be a material event of default under this Agreement and will cause Franchisor and its affiliates irreparable injury with respect to which money damages will not compensate them, and Franchisee agrees to pay all court costs and other expenses (including reasonable attorneys' fees) incurred by Franchisor and its affiliates in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement concerning confidentiality.

5.5 Non-Competition During Term.

(a) Franchisee Acknowledgment and Covenants. Franchisee acknowledges that Franchisee will receive valuable Confidential Information, including, without limitation, information regarding the operational, sales, promotional and marketing methods of Franchisor and the System, and that the value of the Confidential Information arises not only from the time, effort and money which went into its compilation but also from the usage by all franchisees. Franchisee therefore covenants that during the Term, except as otherwise approved by Franchisor in writing, Franchisee and its Owners, officers, directors, shareholders, members, employees, partners, spouses and family members (collectively, "**Bound Parties**") will not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons or legal entity:

(1) Own, operate, be employed by, engage in, advise, assist, invest in, franchise, make loans to or have any other direct or indirect interest in any Competitive Business (defined below) or any other business involving in significant part the sale, licensing, or distribution of services or products similar, identical to or competitive with the Dental Office's services and products; or

(2) Divert or attempt to divert any business or patient of the Dental Office to any competitor, by direct inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

(b) Other Persons. Franchisee shall require and obtain execution of covenants similar to those set forth above from all of the following:

(1) Personnel employed by Franchisee who have received or will receive any Confidential Information; and

(2) All Bound Parties and any other persons holding comparable managerial or controlling positions or having any record or beneficial ownership interest in Franchisee.

Every such covenant must be in a form designated by Franchisor, including, without limitation, specific identification of Franchisor and its affiliates as third-party beneficiaries of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of these covenants will constitute a default under this Agreement. Franchisee is responsible for ensuring that such persons comply with the covenants.

(c) Violation of Covenant Not to Compete. Franchisee acknowledges that any violation of the terms of the covenants not to compete will result in irreparable injury to Franchisor and/or its affiliates for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of a permanent injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete. Franchisee agrees to pay all court costs and other expenses (including reasonable attorney fees) incurred by Franchisor or its affiliates in obtaining specific performance of, or an injunction against violation of, the requirements of such covenants.

5.6 Reports and Records.

(a) Reports. Franchisee shall retain all receipts, print-outs, invoices, payroll records, check stubs, sales tax records and returns, and, in particular, Franchisee shall submit to Franchisor:

(1) Within 10 days of the end of each month, a complete and accurate income statement and written statement of the Gross Collections, new patient totals, overhead percentage, and paycheck calculations for the prior month and for the fiscal year to date, and calculations of Royalty Fees and other payments, as designated by Franchisor and containing such warranties and representations from Franchisee as prescribed by Franchisor;

(2) Within 30 days after the end of each calendar quarter, a cumulative balance sheet and income statement, copies of applicable state sales and use tax reports, all quarterly Federal Tax Form 941's as well as quarterly federal and state tax returns;

(3) Within 90 days after the end of each calendar year, all annual federal and state tax returns including, but not limited to, 1099 Forms;

(4) Within 10 days after receipt, copies of all regulatory agency reports related to the services and products of the Dental Office; and

(5) Any other report, data or information reasonably requested by Franchisor from time to time (including, without limitation, daily and weekly reports of service and product sales).

(b) Records, Inspection and Audit Rights. Franchisee shall maintain all books and records for the Dental Office in accordance with generally accepted accounting principles (GAAP) and preserve such records, including cash register tapes, if any, shift reports, weekly operating summaries and sales tax returns, for at least three years after the calendar year to which they relate. Franchisee shall maintain all books and records for the Dental Office separate from any other business operated by Franchisee. Franchisor has the right, at any time during business hours and without prior notice to Franchisee, to inspect the books and records prepared and maintained by Franchisee and inspect and audit, or cause to be audited, the books, records, reports, tax returns, statements, information and supporting data of the Dental Office and the books and records of the partnership or other legal entity which holds the Dental Office. Franchisor does not have the right to audit Franchisee's hiring, firing, supervising or directing of staff and other employees or contractors of Franchisee. Franchisor and its affiliates may collect the books, records and other information for review in any form or manner they reasonably determine, including, without limitation, requiring Franchisee to send electronic documents to Franchisor's office. Franchisor or its authorized agents and representatives shall be allowed to make copies of any such records, books of account, tax returns, documents and materials. Franchisor will not request patient records in connection with an audit unless an audit cannot be meaningfully performed without discovering information in patient records.

(c) Payments and Reimbursements. Franchisee must pay to Franchisor, within 15 days after receipt of the inspection or audit report, the Royalty Fees and other amounts due Franchisor, plus, interest on any understatement as calculated in the manner set forth in this Agreement. Such inspections and audits will be conducted at Franchisor's expense. However, if an audit is made necessary by Franchisee's violation of the terms of this Agreement, or failure to furnish accurate reports, records, financial statements or other information required by this Agreement, or failure to furnish such information on a timely basis, or if an understatement of Gross Collections for any period is determined by any inspection or audit to be greater than three percent, or failure to comply with the requirements of this Agreement, Franchisee must reimburse Franchisor for all costs of the inspection and audit including, but not limited to, the charges of any independent certified public accountant and the travel expenses and compensation of Franchisor or its employees. In the event Franchisee disputes the results of any audit conducted by Franchisor or its representatives, Franchisee will have the right to have the results verified by an independent certified public accounting firm selected by Franchisor's accountants. The expense of this further audit will be borne by Franchisee (unless this further audit discloses that no deficiency is due, in which case Franchisor will be obligated to pay for the audit) and the results will be binding on the Parties. Franchisee must pay any deficiencies within 15 days after receipt of the final audit.

(d) Accuracy and Completeness. The determination of the amount of Royalty Fees, as well as determinations about the condition of the business and possible areas of weakness, is based upon the books and records of the Dental Office. Therefore, Franchisee hereby expressly warrants the accuracy and completeness of all reports, financial statements, books, records and other documents submitted or made available to Franchisor and its affiliates.

5.7 Training. Franchisee shall complete all training required under this Agreement, and any subsequent prospect for ownership of Franchisee shall complete Franchisor's then-applicable training program prior to becoming an Owner. From time-to-time, Franchisor may at its discretion elect to present additional seminars and continuing training programs to discuss relevant business trends and share new information for the benefit of its franchisees, to be held at locations designated by Franchisor. Attendance at any such seminars and programs may be recommended or mandatory, but in any event, Franchisee shall be responsible for all travel, food and living expenses associated with the attendance of its Owners and staff at any such seminars or programs.

6. FEES AND CONTRIBUTIONS

6.1 Initial Franchise Fee. Franchisee agrees to pay to Franchisor, concurrently with signing this Agreement, an initial franchise fee in the amount set forth in Exhibit I ("**Initial Franchise Fee**"). The Initial Franchise Fee is due and payable in full, and deemed fully earned, upon execution of this Agreement; provided however, that such payment may be made pursuant to the Promissory Note, Security Agreement and Financing Statement, which are attached hereto as Exhibits VII and VIII. At the option of Franchisee, the Initial Franchise Fee is refundable without interest and this Agreement shall terminate in the event that Franchisor or its affiliates fail to construct, equip and decorate the Premises within one year of the Effective Date of this Agreement. Franchisee acknowledges that Franchisor reserves the right to discount the Initial Franchise Fee in certain circumstances that Franchisor may deem appropriate in Franchisor's sole discretion.

6.2 Furniture, Fixtures, Equipment and Supplies. Franchisee agrees to pay to Franchisor, concurrently with signing this Agreement, the sum set forth in Exhibit I attached hereto, to cover the costs of the furniture, fixtures, equipment and initial supplies used in the operation of the Dental Office ("**FF&E Fee**"). The FF&E Fee is due and payable in full, and is deemed fully earned, upon execution of this Agreement; provided however, that such payment may be made pursuant to the Promissory Note, Security Agreement and Financing Statement, which are attached hereto as Exhibits VII and VIII. At the option of Franchisee, the FF&E Fee is refundable without interest and this Agreement shall terminate in the event that Franchisor or its affiliates fail to construct, equip and decorate the Premises within one year of the execution of this Agreement.

6.3 Royalty Fees. Franchisee shall pay to Franchisor on a monthly basis continuing royalty fees ("**Royalty Fees**") equal to $12,000 per month; provided, however, if Franchisee's Gross Collections are less than $400,000 in any month, the Royalty Fee will be reduced in proportion to the amount of Gross Collections under $400,000. For example, if Gross Collections are $300,000 in a given month, the Royalty Fee will be $9,000 for that month. The Royalty Fee is payable on or before the 10th day of the following month. On or before 5pm EST of each Tuesday for the preceding Monday through Sunday period, Franchisee shall report by telephone, electronic means or in written form, as Franchisor directs, the total amount of Gross Collections generated from or through the Dental Office and such additional information requested by Franchisor. Franchisor shall have the right to verify such Gross Collections reports as it deems necessary in any reasonable manner. The amount of the Royalty Fee may be increased by Franchisor as of January 1 of each year by no more than the annual percentage increase for the prior year in the Consumer Price Index for All Urban Consumers – West Region (or if no longer compiled, a similar regional Consumer Price Index).

6.4 Consulting Fees. Franchisee shall pay to Franchisor fees for providing regular advice and guidance in the operation of the Dental Office ("**Consulting Fees**"). The Consulting Fees will be paid pursuant to the Consulting Agreement attached hereto as Exhibit II, and subject to all of the terms and conditions therein. If required under the Consulting Agreement, Franchisee shall also execute Franchisor's forms of Promissory Note and Security Agreement and Financing Statement, which are attached hereto as Exhibits VII and VIII, respectively. At the option of Franchisee, the Consulting Fee is refundable without interest and this Agreement shall terminate in the event that Franchisor or its affiliates fail to construct, equip and decorate the Premises within one year of the Effective Date of this Agreement.

6.5 Overdue Amounts and Late Charge. Any amount owed to Franchisor or its affiliates by Franchisee pursuant to this Agreement or otherwise shall bear a late charge from the due date until paid in full at the greater of (i) the highest applicable legal rate for open account business credit, or (ii) 10% per annum, calculated and payable weekly, with interest on overdue interest at the same rate. Such rate shall be determined on each interest payment date and shall be applicable to all amounts owing at such date from Franchisee. In addition to the foregoing, Franchisee shall pay the sum of $50.00 for each of Franchisee's checks which, for any reason, are returned or not honored by Franchisee's bank, which amount shall be payable by Franchisee as compensation for the expenses incurred in connection with the dishonored or returned check and not as a penalty. Franchisee acknowledges that this section shall not constitute Franchisor's agreement to accept payments after the same are due or a commitment to extend credit to, or otherwise finance, Franchisee's operations. The acceptance by Franchisor of any late charge payment shall not be construed as a waiver by Franchisor of their rights in respect of the default giving rise to such late charge payment, and Franchisee acknowledges that such acceptance shall be without prejudice to any right to terminate this Agreement.

6.6 Deferral, Waiver and Payment by Franchisor of Certain Franchisee Obligations. In the event that the Dental Office is unable to generate sufficient revenues during the first three months of operations to pay the expenses associated with such operations (exclusive of any direct or indirect compensation or other payments to the Owners), Franchisor will for three months, forgive payment of the Marketing Fees and/or rental payments under the Sublease payments equal to such deficiency. At the option of Franchisee, Franchisor will also defer payment of the Consulting Fees for the initial six months of the operation of the Dental Office. If Franchisee elects such option, then Franchisor will recompute the monthly Consulting Fees to include, as additional principal, the deferred principal and interest that would have been paid without the deferral. Franchisee will then begin paying the recomputed monthly Consulting Fees in the seventh month of operations.

6.7 Application of Payments. Notwithstanding any designation Franchisee might make, Franchisor and its affiliates may apply any payments by Franchisee to any of Franchisee's past due indebtedness for Royalty Fees, Marketing Fees, Consulting Fees, purchases from Franchisor or its affiliates, interest or any other amounts due from Franchisee.

7. BUSINESS RELATIONSHIP

7.1 Independent Businessperson. The Parties agree that each of them is an independent businessperson and that their only relationship is by virtue of this Agreement. Nothing contained in this Agreement shall be construed so as to create a partnership, joint venture, agency or fiduciary relationship between the Parties. Neither Party shall be liable or responsible for the other's debts or obligations, nor shall either Party be obligated for any damages directly or indirectly arising out of the operation of the other Party's business. The Parties further agree that neither of them will hold itself out to be the agent, employer or partner of the other and that neither has the authority to bind or incur liability on behalf of the other (unless expressly provided in this Agreement). Franchisee agrees to conspicuously identify itself in all dealings with patients, Vendors, suppliers, contractors, public officials and the general public as a franchisee of Franchisor and shall place other notices of ownership on such doors, forms, stationery, advertising and other materials as Franchisor may require from time to time.

Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including, without limitation, any Vendors, or for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes levied upon Franchisee, any part of the Dental Office or Franchisor in connection with the operation of the Dental Office by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases, if any, from Franchisor and Franchisor's income taxes). Franchisee shall promptly reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of either Franchisee's operation or payments that Franchisee makes to Franchisor.

7.2 Indemnification. Franchisee agrees to indemnify, defend, and hold harmless Franchisor and its affiliates, and their respective members, managers, shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**"), against, and to reimburse them for, all claims, obligations, fines, suits, proceedings, demands, actions of any kind and nature, and damages described below, any and all third party obligations described herein, and any and all claims and liabilities directly or indirectly arising out of or is based upon or related to this Agreement, the operation of the Dental Office, failure to comply with any applicable laws or regulations, or the use of the Marks and the System in any manner, including, without limitation, those alleged to be or found to have been caused by the Indemnified Parties' negligence or willful misconduct, unless (and then only to the extent that) the claims and liabilities are determined to be caused solely by the Indemnified Parties' gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. For purposes of this indemnification, "**claims**" shall mean and include all obligations, actual and consequential damages, and costs reasonably incurred in the defense of any claim against the Indemnified Parties (including any claims Franchisee brings against the Indemnified Parties), including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses. Each Indemnified Party shall have the right in its sole discretion to (i) use counsel of its choice to control and defend any such claim against it at Franchisee's expense, and (ii) agree to settlements or take any other remedial, corrective or other actions. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

8. PROPRIETARY RIGHTS

8.1 Use of Certain Proprietary Rights. Franchisee acknowledges that Franchisor and its affiliates have the right to license and control Franchisee's use of the Marks, and that the Marks shall remain under the sole and exclusive ownership and control of Franchisor and of its affiliates. Franchisee acknowledges that it does not acquire any right, title or interest in the System or the Marks except that Franchisee is hereby authorized to use the Marks in the operation of the Dental Office at the Premises as set forth herein and in the Manual. Franchisee shall not use the System or the Marks at any other location or for any other purpose, except where such other use is approved in writing by Franchisor. Franchisee shall display the Marks prominently at its Dental Office, including in connection with the forms, advertising and marketing, all in the manner Franchisor prescribes and approves. Franchisee further agrees that no Mark other than COMFORT DENTAL or such other Marks specified by Franchisor shall be used in the marketing, promotion, identification or operation of the Dental Office, except with Franchisor's prior written consent. Franchisee also agrees that all original works of authorship, new concepts, processes or improvements, and any associated copyrights, in the operation or promotion of the Dental Office, created or originated by Franchisee or any of its Owners, shall be deemed a "work made for hire" for the benefit of the System and shall belong solely to Franchisor.

Franchisee shall not at any time (i) develop, create, generate, own, license or use in any manner any computer or electronic medium (including any Internet home page, website, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays the Marks, in whole or in part, or (ii) cause or allow the Marks to be used or displayed, in whole or in part, as an Internet domain name, or on or in connection with any Internet home page, website, bulletin board, newsgroup or other Internet-related activity, without Franchisor's express prior written consent, which may be withheld in Franchisor's sole discretion, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish.

8.2 Modification. It is understood by the Parties that Franchisor or its affiliates may at any time decide to discontinue the use of a Mark or develop and adopt new or modified Marks, proprietary materials or information to enhance or strengthen the System. Should Franchisor or its affiliates develop or adopt modified Marks, proprietary materials or information, or revise any existing Mark, proprietary materials or information, then Franchisee shall, within a reasonable time after receipt of notice of such acts, take such action, at Franchisee's sole expense, necessary to comply with such discontinuation or modification. Franchisor and its affiliates need not reimburse Franchisee for the direct expenses of changing the Dental Office's signs, for any loss of revenue due to any discontinued or modified Mark or for its expenses of promoting a modified Mark. Franchisee agrees to adopt, use and display any such modifications as if they were part of this Agreement at the time of execution hereof.

In the event that Franchisee shall be prevented from using any of the Marks, including but not limited to COMFORT DENTAL, because the Mark infringes the proprietary rights of any third party, Franchisee shall promptly cease the use of such Mark and modify any and all signs, banners, displays, stationary and all other items bearing such Mark upon receipt of notice from Franchisor, in the manner prescribed in such notice, at Franchisee's sole expense.

8.3 **<u>Registration and Marking</u>**. Franchisee acknowledges that Franchisor has a prior and superior right to the Marks, and Franchisee agrees not to register or attempt to register such Marks (or any portion thereof) in Franchisee's name or that of any other person or entity. Franchisee agrees at all times to badge all of its advertising materials, literature and supplies with registration and other symbols as instructed by Franchisor.

8.4 **<u>Use by Franchisor and Others</u>**. Franchisee acknowledges that its franchise is non-exclusive and that it does not have any right whatsoever to deny use of the Marks by Franchisor or any other franchisee. In the event Franchisee uses the Marks or Original Works in a manner that has the effect of restricting their use by Franchisor or any other franchisee, then Franchisee shall execute all necessary documents and take all necessary action to correct the use and allow such others to have full use of the Marks and Original Works.

8.5 **<u>Business Name</u>**. Franchisee agrees that the Dental Office shall be operated under the Mark COMFORT DENTAL with no other suffix or prefix attached thereto, and will bear signs, advertising and slogans in compliance with the Manual. No other name shall be used in the operation of the Dental Office, nor shall any logo or other identifying symbol not previously approved in writing by Franchisor be used in connection with the Dental Office. Franchisee shall not license, register or purchase vehicles, supplies or equipment, or perform any other activity or incur any obligation or indebtedness except in its individual, partnership, corporate or other business name. Franchisee will not use any Marks as part of its corporate or entity name, without the written approval of Franchisor. When this Agreement is terminated, Franchisee will execute any assignment or other documents Franchisor requires to transfer to Franchisor any rights Franchisee may possess in the Marks. If Franchisee does not execute such assignment or other documents, Franchisor may execute in Franchisee's name, on Franchisee's behalf and at Franchisee's expense, any and all assignments and documents necessary in Franchisor's reasonable judgment to terminate and cause the discontinuance of Franchisee's use of the Marks. Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact coupled with an interest to do so.

8.6 **<u>Defense of Marks and Original Works</u>**. In the event Franchisee is notified or informed of any claim, suit or demand against Franchisee on account of an alleged infringement, unfair competition or similar matter related to Franchisee's use of the Marks or Original Works in accordance with the terms herein, Franchisee shall promptly notify Franchisor of such claim, suit or demand. Thereupon, Franchisor shall take such action (if any) as it deems necessary, in its sole discretion. Franchisee shall not settle or compromise any claim by a third party without the prior written consent of Franchisor. Franchisor shall have the complete control over the action with the sole right to defend, compromise or settle any such claim, using counsel of Franchisor's own choosing. Franchisee agrees to cooperate fully with Franchisor in connection with the defense or settlement of any such claim. Franchisee may participate at its own expense in such defense or settlement, but Franchisee agrees that (a) it shall execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out the defense or settlement, and (b) Franchisor's decisions with regard to such defense and settlement shall be final. In any event, Franchisor is not obligated by this Agreement or otherwise to indemnify Franchisee against, or reimburse Franchisee for, any damages, costs, expenses or fees (including legal fees) arising out of Franchisee's use of the Marks and Original Works.

8.7 **<u>Prosecution of Infringers</u>**. If Franchisee is notified or informed, or learns, of any possible infringement of a Mark or use by others of a trademark confusingly similar to the Marks, Franchisee shall promptly notify Franchisor of the facts related to such alleged infringement. Franchisee acknowledges that Franchisor and its affiliates shall then determine, in their sole discretion, whether any action will be taken in response to any possible infringement, and Franchisee shall not have any right to make any demand or prosecute any claim against the alleged infringer.

9. DEFAULT AND TERMINATION

9.1 By Franchisor.

(a) Effective Upon Notice. Franchisor shall have the right, at its option, in its sole discretion and upon delivery to Franchisee of a termination notice, to thereupon immediately terminate this Agreement, without affording Franchisee an opportunity to cure the default (subject to any state law to the contrary, in which case state law will prevail). In the event of such termination, Franchisor shall also have the right, at its option and in its sole discretion, to (i) return any fee received hereunder and (ii) repurchase or designate a purchaser of Franchisee's Assets. If Franchisor or its designee elects to repurchase any Assets, the payment terms and prices shall be as provided in Section 9.8 below. Termination under this Section 9.1(a) shall be effective upon delivery to Franchisee of a termination notice, following the occurrence of any of the following events:

(1) Franchisee becomes insolvent or is adjudicated as bankrupt; or if any action or petition is filed by Franchisee, or by others against Franchisee, under any insolvency, bankruptcy or reorganization act (this provision might not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 et seq.); or if Franchisee makes an assignment for the benefit of creditors; or if a receiver is appointed for Franchisee; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for the Dental Office or assets is filed and consented to by Franchisee; or if proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee; or if any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against the Dental Office or any of the property used in operating the Dental Office and is not discharged within five days; or if the real or personal property of the Dental Office shall be sold after levy by any sheriff, marshal or constable;

(2) Franchisee, at any time without the written consent of Franchisor, (i) begins operating the Dental Office without having obtained Franchisor's prior written consent, as required by Article 3 or fails to open the Dental Office for the prescribed minimum business hours as set forth in the Manual; (ii) ceases to operate the Dental Office or otherwise abandons the Dental Office for a period of three consecutive days, or any shorter period that indicates in Franchisor's sole determination an intent by Franchisee to discontinue operation of the Dental Office or (iii) otherwise forfeits the right to do or transact business in the Territory where the Dental Office is located, unless and only to the extent that full operation of the Dental Office is suspended or terminated due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee;

(3) One or more of Franchisee's Owners has their license to practice dentistry suspended, revoked or rejected for renewal under (i) the laws or regulations of the state in which the Dental Office is located or (ii) the rules and regulations of any applicable board or professional association;

(4) Franchisee or any person under Franchisee's control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents of any part of the Manual or any other trade secrets or Confidential Information of Franchisor or its affiliates;

(5) Franchisee commits fraud or makes a material misrepresentation in connection with the purchase or operation of the Dental Office or otherwise violates applicable law or, in the sole judgment of Franchisor, fails to demonstrate qualities necessary for success, or impairs the goodwill associated with the Marks or otherwise subjects the Marks, the Dental Office, Franchisor or the System to ridicule, scandal, reproach, scorn or indignity;

(6) Franchisee fails to purchase all items (e.g., furniture, fixtures, equipment, dental supplies and lab services) necessary for the proper operation of the Dental Office from approved Vendors, including Franchisor's affiliates, Budget Dental Lab or Premier Dental Lab, without complying with the requirements of Section 5.2;

(7) Franchisee, for a reason other than demonstrable clerical error (the proof of which shall be Franchisee's obligation), understates the Gross Collections for any period, or by reason of such clerical error, understates the Gross Collections for any period by more than three percent during any reporting period;

(8) Franchisee (i) maintains false books or records, (ii) submits any false report to Franchisor or (iii) submits any report containing an inaccurate warranty or representation required by Franchisor to be made by Franchisee in any such report;

(9) One or more of the Owners of Franchisee (or any of its affiliates) is convicted of or pleads nolo contendere to a felony, a crime involving moral turpitude or any crime or offense reasonably likely, in the sole opinion of Franchisor's or Franchisor, to unfavorably affect the Dental Office, the System, Franchisor, the Marks or the goodwill and reputation associated therewith;

(10) Franchisee fails to pay any fee or amount due Franchisor or its affiliates within 10 days after delivery of notice that such fee or amount is overdue, or if Franchisee pays the incorrect amount for any fee more than once in any 12 month period;

(11) Franchisee (or any of its Owners, managers or any other party required by Franchisor to complete training) is discovered to be cheating at any training program or fails to complete any training program to Franchisor's satisfaction;

(12) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks, and fails to correct the misuse or failure within 10 days after delivery of notice from Franchisor;

(13) Franchisee has received three notices of default from Franchisor during the Term or a renewal term, regardless of whether the defaults were cured by Franchisee;

(14) Franchisee loses the right to occupy the Premises because of its default under any lease, Sublease or any other agreement related to the use or operation of the Dental Office;

(15) Franchisee sells, transfers or otherwise assigns the franchise, an interest in the franchise or Franchisee entity, license, the Dental Office, a substantial portion of the Assets of the Dental Office or this Agreement without complying with the provisions of Article 10, or fails to comply with Article 10 in the event of the death or disability of an Owner of the Franchisee entity;

(16) Franchisee creates or allows to exist any condition in or at the Dental Office, or on or about the Premises, in violation of applicable law or which Franchisor reasonably believes presents health or safety concerns for the Dental Office' employees, patients or the general public;

(17) Franchisor or any of its affiliates issues a notice of termination with respect to any other agreement (including a franchise agreement) between Franchisor or any such affiliate and Franchisee (or any other legal entity in which Franchisee, or any of its Owners, is the sole owner or managing owner) governing the operation of another Dental Office; or

(18) Franchisee commits a default under any loan from or equipment lease with Franchisor or any of its affiliates or a third party, and fails to cure that default by the date specified by the lender or equipment lessor.

(b) Fifteen (15) Days' Notice. Franchisor shall have the right, at its option, in its sole discretion and in the manner set forth below, to terminate this Agreement (subject to any state law to the contrary, in which case state law will prevail), effective upon delivery of 15 days' prior written notice to Franchisee, if Franchisee breaches any other provision of this Agreement, including, but not limited to, the required portions of the Manual, and fails to cure the default during such 15 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 15 day period. In the event of such termination, Franchisor shall also have the right, at its option and in its sole discretion, to (i) return any fee received hereunder, and (ii) repurchase or designate a purchaser of Franchisee's Assets. If Franchisor or its designee elects to repurchase any Assets, the payment terms and prices shall be as provided in Section 9.8. By way of example, but not limitation, defaults under this Section 9.1(b) include the following:

(1) Franchisee defaults under the Consulting Agreement or the Sublease;

(2) Franchisee fails to comply with the Manual or any confidentiality and non-competition provisions of this Agreement, or engages in any business or markets any product or service under a name or mark which, in Franchisor's or Franchisor's reasonable opinion, is confusingly similar to any Mark;

(3) The Dental Office is unable to generate sufficient revenues at the end of the first three months of operations to pay the expenses associated with such operations, or the expenses attributed to an individual Owner (exclusive of any direct or indirect compensation or other payments to Franchisee's Owners);

(4) Franchisee fails, refuses or neglects to (i) comply with all state, federal, and local laws, rules and regulations, or (ii) immediately provide Notice to Franchisor of any action, suit, claim or proceeding which could adversely affect the operation and financial condition of Franchisor or the Dental Office; or

(5) Franchisee fails, refuses or neglects to submit when due accurate financial statements, reports, data, information or supporting documents required under this Agreement.

(c) Termination of Individual Owners of Franchisee. Should Franchisor determine that an individual Owner of Franchisee was responsible for one or more of the events of termination set forth above, then Franchisor may, at its option, terminate only the individual Owner's interest in the Franchisee, Dental Office and this Agreement. Such termination of an individual Owner shall be in conformance with the termination provisions set forth in this Article 9 of this Agreement. Should such termination of an individual Owner occur in a two-Owner Franchise, then Franchisor shall have the right to replace the terminated Owner with a contract dentist of Franchisor's choice until Franchisor can locate a substitute Owner.

9.2 By Franchisor. Franchisor shall be responsible for the enforcement of any right, remedy or termination for a default as set forth in Section 9.1 of this Agreement.

9.3 By Franchisee. If Franchisee is in full compliance with the terms of this Agreement, Franchisee shall have the right to terminate this Agreement if Franchisor materially fails to comply with this Agreement and fails to initiate the cure of its default within 30 days after receipt of written notice of the default from Franchisee. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such 30-day period, and Franchisor has commenced and is continuing to make good faith efforts to cure the breach, Franchisor shall be given an additional reasonable period of time to cure same, and this Agreement shall not terminate.

9.4 Obligations of Franchisee Upon Termination or Expiration. Upon termination or expiration of this Agreement, Franchisee shall undertake each of the actions set forth below:

(a) Cessation of Operations and Representations. Franchisee must immediately cease operating the Dental Office, and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Franchisee, licensee or dealer of Franchisor or otherwise associated with Franchisor. Franchisee shall cooperate with the transfer of patients undergoing a current course of care to Franchisor's designee for purposes of continuity of care as part of such termination. All accounts receivable uncollected on the date of termination of this Agreement shall become the property of Franchisor or its designee;

(b) Vacate the Premises. The lease (or Sublease) agreement with Franchisor for the Premises shall immediately terminate and Franchisee must vacate the Premises within two days of the termination date;

(c) Payment of Obligations. Franchisee must pay to Franchisor and its affiliates all Royalty Fees, Consulting Fees, Marketing Fees, amounts owed for services and products purchased by Franchisee from or through Franchisor or its affiliates, other fees, any and all amounts or accounts payable then owed and unpaid pursuant to this Agreement, or any dealings between Franchisor or its affiliates, within five calendar days of the termination. In the event of termination for any default by Franchisee, these sums will include all damages, costs and expenses including reasonable attorneys' fees incurred by Franchisor or its affiliates as a result of the default;

(d) Non-Use of Confidential Information and Non-Affiliation. Franchisee must immediately and permanently cease to use, in any manner whatsoever, any Confidential Information including confidential methods, procedures and techniques associated with the System and must not directly or indirectly at any time or in any manner identify itself or any business as a current or former Dental Office, or as a franchisee, licensee or dealer of or otherwise associated with Franchisor, or use the Marks, Original Works, any colorable imitation thereof, signs, advertising materials, slogans, symbols, displays, stationary, forms or other indicia of a Dental Office in any manner or for any purpose;

(e) Return of Manual and Proprietary Materials. Franchisee must immediately deliver to Franchisor or its designee, limited only by applicable law, all manuals, including the Manual, records, files, instructions, correspondence and materials including, without limitation, brochures, agreements, patient lists and records, all Original Works, Confidential Information, signs, signfaces, catalogues, advertising materials, equipment, fixtures, furnishings, movable leasehold improvements, inventory, invoices, supplies, displays, stationary, forms and other materials bearing any Mark, containing any Original Works, and any and all other materials relating to the operation of the Dental Office in Franchisee's possession, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing except Franchisee's copy of this Agreement and any correspondence between the Parties;

(f) Cancellation of Assumed Name. Franchisee must take such action as may be necessary to cancel any fictitious or assumed name or equivalent registration relating to the Marks;

(g) Payment of Damages and Expenses. Franchisee must pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any of the provisions described herein;

(h) Compliance with Surviving Covenants. Franchisee and the other individuals and entities required by Franchisor to execute this Agreement must comply with all of the provisions of this Agreement which may survive the termination of this Agreement, including but not limited to the provisions relating to Franchisee's covenant not to compete and the covenants relating to confidentiality. Any other person required to execute similar covenants must also comply with same;

(i) Guarantor Obligations. All individuals and entities executing the Guaranty Agreement attached to this Agreement as Exhibit V agree to adhere to the requirements of their guaranty of Franchisee's obligations under this Agreement; and

(j) Evidence of Compliance. Franchisee must furnish to Franchisor, within 10 days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Franchisee's compliance with the provisions and obligations set forth above.

Should Franchisor terminate only an individual Owner's interest in the Dental Office, Franchisee and this Agreement, then such terminated Owner shall be obligated to do, or cease to do, all appropriate and applicable activities set forth under the terms of this Agreement.

9.5 Post-Termination Covenant Not to Compete.

(a) Franchisee and Affiliates. For a period of three years from the effective date of termination or expiration of this Agreement for any reason, or the date on which Franchisee begins to comply with this Section 9.5, whichever is later, neither Franchisee nor any affiliate or Owner shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, agent or in any other capacity in any Competitive Business located or operating within a 5 mile radius of Franchisee's former Dental Office. Franchisee and its affiliates and Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Article 9 will not deprive them of their personal goodwill or ability to earn a living. The term "**Competitive Business**" as used in this Agreement shall mean any business operating, or granting franchises to others to operate, a dental and/or orthodontics office or other business deriving more than 10% of its gross receipts from offering dental services (other than another COMFORT DENTAL Dental Office operated by Franchisee); provided, however, Franchisee shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent five percent or less of the total number of shares of that class of securities issued and outstanding. Franchisee agrees that nothing in this Section 9.5 shall be construed to grant Franchisee any protected territory. Nor shall Franchisee or any of its affiliates including, but not limited to, the persons identified below solicit or induce any person to leave his/her employment with a Dental Office or with Franchisor.

(b) Other Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in Section 9.5(a) above from any or all of the following:

(1) Personnel employed by Franchisee who have received or will receive any Confidential Information; and

(2) All Bound Parties and any other persons holding comparable managerial or controlling positions or having any record or beneficial ownership interest in Franchisee.

Every such covenant must be in a form designated by Franchisor, including, without limitation, specific identification of Franchisor and its affiliates as third-party beneficiaries of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of these covenants will constitute a default under this Agreement. Franchisee is responsible for ensuring that such persons comply with the covenants.

(c) Violation of Covenants. Any violation of the terms of the covenants not to compete will result in irreparable injury to Franchisor and its affiliates for which money damages will not completely compensate them, and Franchisee accordingly consents to the issuance of a permanent injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete. The three-year period set forth in Section 9.5(a) shall be tolled during the time of any violation of the terms of the covenants not to compete. In addition to any other remedies or damages allowed under this Agreement, if Franchisee breaches the covenants set forth in Sections 5.5 or 9.5, Franchisee shall pay Franchisor a fee equal to Franchisor's then-current Initial Franchise Fee for each Competitive Business opened in violation of the covenants, plus eight percent of such business' gross sales until expiration of the noncompetition period set forth herein.

9.6 Cross Default and Termination. Any default by Franchisee under the terms of this Agreement, or under those of any other agreement between Franchisee and Franchisor or their affiliates, shall be deemed a default of each such agreement. Further, in the event of any termination of this Agreement or any other agreement between Franchisee and Franchisor or their affiliates, Franchisor may, at its option, terminate any or all such agreements.

9.7 Continuing Obligations and Other Relief. All of the obligations of the Parties which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination until they are satisfied in full or by their nature expire. Any termination under this Article 9 shall be without prejudice to any other rights (including any right of indemnity), remedy or relief vested in or to which Franchisor may otherwise be entitled against Franchisee. All moneys paid by Franchisee to Franchisor under this Agreement shall be retained by Franchisor as consideration for the rights and benefits previously conferred on Franchisee hereunder unless specifically required to be returned by Franchisor according to this Agreement. The foregoing remedy shall not exclude any of the remedies that Franchisor may have at law or in equity, by reason of the default, breach or non-observance by Franchisee of any provision hereof.

9.8 Purchase by Franchisor. Franchisor shall, in specific circumstances as set forth above, have the option of purchasing or designating a purchaser of the Assets (defined below) of the Dental Office. Within ten days of notice of Franchisor's or its designee's intent to purchase the Assets, Franchisee shall deliver to Franchisor, in a form satisfactory to Franchisor or its designee, all bills of sale, assignments of accounts and other intangibles, releases of liens and such other documents and instruments which Franchisor or its designee deems necessary in order to transfer, and perfect, Franchisor's or its designee's title and possession in the Assets and to meet the requirements of all taxing and other governmental authorities. "**Assets**" includes all the equipment, supplies, inventory, furniture, fixtures, patient lists, accounts and files, leasehold interests and improvements and favorable rights and covenants of the Dental Office. The purchase price for the Assets of the Dental Office shall be an amount equal to 10% of Franchisee's Gross Collections for the previous 12 months. In the event that Franchisee has not been operating for 12 months, the purchase price for the Assets shall be an amount equal to 10% of the average of the Gross Collections of the months Franchisee has been operating multiplied by 12. In the event Franchisor terminates an individual Owner pursuant to this Article 9, the purchase price for its portion of the Assets shall be an amount equal to 10% of the individual Owner's Gross Collections for the previous 12 months. The terms of Franchisor's or its designee's purchase of the Assets of the Dental Office or an individual Owner, shall be 25% of the purchase price paid at closing, and the remaining balance paid in

120 equal monthly payments, with interest at 10% per annum, with full privileges of prepayment of all or any part of the balance at any time without penalty or bonus. In the event that Franchisor or its designee purchases the Assets of the Dental Office or an individual Owner, and subject to compliance with applicable laws:

(a) Franchisor or its designee shall assume no liabilities whatsoever;

(b) In order to avoid interruption to the business, the Parties hereto expressly agree that immediately upon Franchisor's notice to purchase the Assets of the Dental Office, Franchisor or its designee shall have the right to place its employees and agents on the Premises for the purposes of continuing the operation of the business;

(c) Within 24 hours of Franchisor's or its designee's notice to purchase the Assets of the Dental Office, Franchisee shall deliver to Franchisor or its designee all patient files, records, invoices, instructions, lists and related materials of whatever kind and character. Franchisee shall retain no copy or record of any of the materials, except copies of any correspondence between the Parties and of any other documents that Franchisee reasonably needs to comply with any provision of law;

(d) Immediately after Franchisee receives notice of Franchisor's or its designee's intent to purchase the Assets of the Dental Office, Franchisee shall also execute such Notices, letters and confirmations to third parties that Franchisor shall require; and

(e) The transaction will be executed on Franchisor's or its designee's form purchase documents.

10. TRANSFER

10.1 Transfer by Franchisee. Franchisee agrees that the rights and duties created by this Agreement are personal to Franchisee (or its Owners, shareholders, partners or members if Franchisee is a corporation, partnership, limited liability company, or other business entity) and that Franchisor has entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee (or its Owners, shareholders, partners or members). Accordingly, without Franchisor's prior written consent, Franchisee shall not Transfer (defined below) this Agreement (or any interest in this Agreement), any part or all of the ownership of Franchisee, nor the Dental Office or all or a substantial portion of its Assets. Franchisee acknowledges that prior to approving any Transfer, Franchisor may impose reasonable conditions on Franchisee and its purported transferee including, but not limited to, those conditions listed in Section 10.2 below. Any unauthorized Transfer is a breach of this Agreement, void and of no effect. As used in this Agreement, the term "**Transfer**" includes Franchisee's (or an Owner's) voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (i) this Agreement; (ii) the Franchisee entity; (iii) the Dental Office governed by this Agreement; or (iv) all or a substantial portion of the Assets of the Dental Office. An assignment, sale, gift or other disposition shall include a Transfer resulting from a divorce, insolvency, corporate or partnership dissolution proceeding, consolidation, exchange, public or private offering of stock or other ownership interests in any entity, merger, or otherwise by operation of law or, in the event of the death of an Owner of Franchisee, by will, declaration of or transfer in trust or under the laws of intestate succession. It also includes an assignment of day-to-day operational responsibilities for the Dental Office pursuant to the Manual, an operating agreement or otherwise. A Transfer of the Dental Office's ownership, possession or control, or all or a substantial portion of its Assets, may be made only by complying with the conditions governing a Transfer of this Agreement. In addition, Franchisee may not assign or pledge this Agreement or an ownership interest in Franchisee (other than to Franchisor) as additional security for any loans or other financing. Franchisor may require each Owner of Franchisee and the transferee(s) to sign the agreement entitled Buy and Sell Agreement which is attached hereto as Exhibit VI, if the Owners of Franchisee do not already have a similar agreement in effect among themselves.

10.2 Pre-Conditions to Franchisee's Transfer. Franchisee agrees that there may be no Transfers before the Dental Office has opened for business. Franchisor shall not approve a proposed Transfer unless Franchisor determines that Franchisee (and its Owners) is in full compliance with this Agreement and all other franchise agreements, if any, with Franchisor. The proposed transferee and its owners must be individuals of good moral character and otherwise meet Franchisor's then-applicable standards for franchisees.

If the proposed Transfer is of this Agreement and the Dental Office, day-to-day operational responsibilities for the Dental Office, or 51% or more of the ownership interest in Franchisee, or is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate Transfer this Agreement and the Dental Office or a 51% or greater interest in Franchisee, all of the following conditions must be met before or concurrently with the effective date of the Transfer:

(a) All amounts due and owing pursuant to this Agreement, other agreements or otherwise (including under another franchise agreement) by Franchisee (or any other legal entity in which Franchisee, or one of its Owners with at least a 25% ownership interest in Franchisee, is an owner) to Franchisor, its affiliates or third parties are paid in full;

(b) Franchisee has submitted all required reports and statements;

(c) Franchisee has not violated and is not in default under any provision of this Agreement, the Sublease (or lease, as applicable) or any other agreement with Franchisor or its affiliates (including another franchise agreement) during both the 60-day period before Franchisee requested Franchisor's consent to the Transfer and the period between Franchisee's request and the effective date of the Transfer;

(d) The proposed transferee passes all required tests and satisfactorily completes the initial training program, and the proposed transferee agrees to operate the Dental Office as a COMFORT DENTAL Dental Office, signs the then-current form of franchise agreement, the provisions of which may differ materially from any and all of those contained in this Agreement and such other ancillary agreements as Franchisor may require for the Dental Office. The new agreements will supersede this Agreement in all respects; provided, however, the transferee will not be required to pay an Initial Franchise Fee and the Royalty Fees shall remain the same as the Royalty Fee immediately prior to the Transfer;

(e) Franchisee provides Notice to Franchisor at least 60 days prior to the proposed effective date of the Transfer and includes information reasonably detailed to enable Franchisor to evaluate the terms and conditions of the proposed Transfer, which at a minimum includes a written offer from the proposed transferee;

(f) The proposed transferee provides information to Franchisor sufficient for Franchisor to assess the proposed transferee's business experience, education, professional licenses, aptitude and financial qualifications, and Franchisor approves the proposed transferee as a franchisee;

(g) Neither the transferee nor its owners or affiliates have an ownership interest in, or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for, a Competitive Business;

(h) The proposed transferee agrees to renovate, refurbish, remodel or replace, at its own cost, the real and personal property and equipment used in operating the Dental Office within the timeframe specified by Franchisor in order to comply with Franchisor's and its affiliates' then-current image, design, trade dress, color schemes, and required standards of operation;

(i) Franchisor or Franchisee's landlord (if Franchisee has a direct lease with the property owner) allows Franchisee to transfer the Dental Office's Sublease or lease to the proposed transferee;

(j) If Franchisee or its Owners finance any part of the purchase price, such financing, together with any third-party financing, either does not exceed the maximum debt limits or debt service limits established from time to time by Franchisor for the Dental Office or, to the extent it does exceed such maximum debt limits, the excess portion of such financing is not secured by the Dental Office or its Assets. Franchisee and or its Owners further agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Dental Office are subordinate to the transferee's obligation to pay fees and other amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement;

(k) Franchisee, its Owners and guarantors execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, its affiliates, and their respective shareholders, officers, directors, employees and agents;

(l) Franchisee, its Owners and guarantors abide by all post-termination covenants, including, without limitation, the covenants not to compete and covenants related to confidentiality set forth herein; and

(m) Franchisee must remain liable for all obligations to Franchisor in connection with the Dental Office prior to the effective date of the Transfer and must execute any and all instruments reasonably requested by Franchisor to evidence such liability.

If Franchisee is an individual transferring this Agreement and the Dental Office to an entity wholly-owned by Franchisee, Franchisee agrees both to remain personally responsible for the entity's performance of its obligations under this Agreement and to continue to comply personally with all obligations under this Agreement. Neither the transferee nor its owners may, without Franchisor's prior written consent, take over possession of the Dental Office until the Transfer process has been completed. Franchisee acknowledges and agrees that Franchisor may, but shall not be required to, release one or more guarantors of Franchisee's obligations upon Transfer. Franchisor will waive the Transfer Fee if an individual transfers this Agreement to a wholly-owned entity.

If Franchisor approves the proposed Transfer, Franchisee or the proposed transferor will pay Franchisor a transfer fee in an amount equal to: 10% of the total value of the consideration ("**Transfer Fee**") received for such Transfer of all (or a part, as applicable) of Franchisee's interest in the Dental Office. The Transfer Fee shall be paid to Franchisor simultaneously as the remaining consideration (90%) is received by Franchisee or the proposed transferor. The Transfer Fee shall also include a payment of 10% of any consulting fees to-be-received by the transferor pursuant to any Consulting Agreement agreed to by the proposed transferee as part of the Transfer, which fee is required to cover Franchisor's reasonable expenses related to the Transfer, including training. In the event that the transferor is not leaving his/her franchise for another opportunity within the COMFORT DENTAL System, the transferee shall pay the Transfer Fee directly to Franchisor.

10.3 <u>Transfers of Less Than a Controlling Interest</u>. Franchisee acknowledges that Franchisor's right to approve or disapprove of a proposed Transfer, and all other requirements and rights related to such proposed Transfer, as provided for above, shall apply (1) if Franchisee is a partnership or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership interest to a new partner or member, or the sale of an interest among existing partners or members that constitutes a Transfer of 50% or less of the total ownership interest of Franchisee; and (2) if Franchisee is a corporation or limited liability company, to any proposed transfer of 50% or less of the ownership interest of Franchisee, whether such transfer occurs in a single transaction or several transactions, in which case the Franchisor's approval will be conditioned upon: (i) the continuing personal guarantee of the non-transferring individual Owners for the performance of obligations under this Agreement; (ii) fulfillment of any or all of the conditions set forth above; and (iii) other reasonable conditions, including the requirement that all Owners and transferees sign a Transfer Amendment to the then current form of franchise agreement attached hereto as Exhibit XI.

10.4 Franchisor's Approval of Transfer. Franchisor has 30 days from the date of Franchisee's Notice to approve or disapprove, in writing, the proposed transferee (assuming the conditions specified above have been satisfied). Franchisee acknowledges that the proposed transferee shall be evaluated by Franchisor based on the same criteria as those currently being used to assess new franchisees and that the proposed transferee shall be provided with such disclosures required by applicable law. Franchisor may review all information regarding the Dental Office that Franchisee gives the transferee, and Franchisor may give the transferee copies of any reports that Franchisee has given Franchisor, or that Franchisor has made regarding the Dental Office.

10.5 Transfer by Franchisor. Franchisee represents that it has not signed this Agreement in reliance on any shareholder, member, director, officer or employee remaining with Franchisor in that capacity. Franchisor may change its ownership or form, or assign this Agreement and any other agreement without restriction. After Franchisor's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement.

10.6 Transfer Upon Death or Total Disability.

(a) Process. Upon the death or Total Disability of any Owner who practiced dentistry at the Dental Office, the executor, administrator or personal representative of such deceased Owner must transfer, within six months after the date of death or the determination of Total Disability, the Owner's interest in Franchisee to an approved third party. If the interest is not disposed of within the six-month period and this failure to dispose of the interest results in there only being one practicing Owner remaining, then Franchisor shall locate, with the assistance of the remaining Owner, one or more additional Owners acceptable to Franchisor. For purposes of this Agreement, "**Total Disability**" means any physical, emotional or mental injury, illness or incapacity which would prevent the usual, active participation of any Owner who was a licensed dentist practicing at the Dental Office, for at least 180 consecutive days or, if the Owner maintains a disability insurance policy, when such Owner is deemed to be totally disabled by the insurance company for purposes of the disability insurance policy.

(b) Right to Operate. Upon the death or Total Disability of an Owner in a Dental Office operating with only two dentists, Franchisor, at its option, shall have the right to operate or designate an operator of the Dental Office for the account of the deceased or Totally Disabled Owner during the pendency of the Transfer described above. Franchisor or its designee will be entitled to hire a contract dentist and to receive all net revenues from the contract dentist's billings prior to the Transfer, and be obligated only for the normal operating expenses incurred by the contract dentist's patient workload. Franchisor or its designee will only be obligated to exercise its reasonable supervision of the contract dentist and shall not have any liability to Franchisee or creditors.

11. DISPUTES

11.1 Governing Law and Selection of Forum. Franchisee for itself and on behalf of its affiliates and the Bound Parties acknowledges that Franchisor and its subfranchisors may grant numerous franchises and other rights on terms and conditions similar to those set forth in this Agreement, and that it is of mutual benefit that these terms and conditions be uniformly interpreted. Therefore, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement and all documents delivered hereunder shall be interpreted under the laws of the State of Colorado, and any dispute between or among Franchisor, the Parties, their affiliates or the Bound Parties, whether arising under this Agreement or from any other aspect of their relationship, shall be governed by and determined in accordance with the substantive laws of the State of Colorado, which laws shall prevail in the event of any conflict of law. Franchisor and the Parties also agree for themselves and on behalf of their affiliates and the Bound Parties that the exclusive forum for disputes between or among them shall be in a court of general jurisdiction located in Denver, Colorado, and they each waive any objection it might have to the personal jurisdiction of or venue in such courts.

11.2 Waiver of Jury Trial. FRANCHISOR, FRANCHISEE AND THE BOUND PARTIES EACH WAIVE THEIR RIGHT TO A TRIAL BY JURY, AND ACKNOWLEDGE THAT THEIR WAIVER OF JURY TRIAL RIGHTS PROVIDES THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR ANY ASPECT OF THEIR RELATIONSHIP. FRANCHISOR, FRANCHISEE AND THE BOUND PARTIES ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

11.3 Limitation of Claims. Franchisee and the Bound Parties agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to Franchisee's obligation to pay Franchisor and its affiliates the Royalty Fees or any other fees or payments pursuant to this Agreement or otherwise, any claims between or among Franchisor and the Parties must be commenced within one year from the date on which the Party (or Franchisor) asserting the claim knew or should have known of the facts giving rise to the claim, or such claim shall be barred. Franchisor and the Parties understand that such time limit might be shorter than otherwise allowed by law. Franchisee and the Bound Parties agree that their sole recourse for claims arising between Franchisor and the Parties shall be against Franchisor or its successors and assigns. Franchisee and the Bound Parties agree that the members, managers, shareholders, directors, officers, employees, and agents of Franchisor and its affiliates shall not be personally liable nor named as a party in any action between Franchisor, Franchisee and/or any Bound Party. Franchisor, Franchisee and the Bound Parties further agree that, in connection with any such proceeding, each 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 such claim which is not submitted or filed as described above will be forever barred. Franchisor and the Parties agree that any proceeding will be conducted on an individual, not a class-wide, basis, and that a proceeding between Franchisor, Franchisee and/or the Bound Parties may not be consolidated with another proceeding between Franchisor and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between Franchisor and Franchisee. Except for Franchisee's obligation to indemnify Franchisor and its affiliates, no Party will be entitled to an award of punitive or exemplary damages (provided that this limitation shall not apply to statutory penalties such as those set forth in 15 U.S.C. § 1117(a)). Where litigation has been initiated regarding disputes related to moneys due Franchisor, all payments required by this Agreement shall be made by Franchisee pending a final decision in the matters being litigated. No previous course of dealing shall be admissible to explain, modify or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

12. MISCELLANEOUS

12.1 Invalidity and Construction. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element, and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification. The language used in this Agreement shall be deemed to be language chosen by both Parties to express their mutual intent, and no rule of strict construction against either Party shall apply to any term, condition or provision of this Agreement.

12.2 Entire Agreement. This Agreement and the Exhibits contain the entire agreement between the Parties and supersedes any and all prior agreements concerning its subject matter. Franchisee agrees and understands that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement or for claims of negligent or fraudulent misrepresentation, and that no modifications of this Agreement shall be effective except those in writing and signed by both Parties. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. Nothing contained herein shall be deemed a waiver of any rights Franchisee may have to rely on information contained in the franchise disclosure document. Franchisee further acknowledges and agrees that no representations have been made to it by Franchisor or its affiliates regarding projected sales volumes, market potential, revenues, profits of Franchisee's Dental Office or operational assistance other than as stated in this Agreement or in any disclosure document provided by Franchisor or its representatives. Any policies that Franchisor adopts and implements from time to time to guide it in its decision-making are subject to change, are not a part of this Agreement and are not binding on Franchisor.

12.3 Modification. No amendment, waiver or modification of this Agreement shall be effective unless it is in writing and signed by the Parties. Franchisee acknowledges that Franchisor may modify the standards, specifications and operating and marketing techniques set forth in the Manual unilaterally under any conditions and to the extent to which Franchisor deems necessary to protect, promote or improve the Marks and the System, as long as such modifications are not specifically prohibited by this Agreement.

Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and its judgment of what is in its and/or the System's best interests at the time Franchisor's decision is made, without regard to whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether Franchisor's decision promotes its financial or other individual interest. No field representative of Franchisor has the right or authority to sign on behalf of Franchisor, or to make oral or written modifications to this Agreement, and any such representations shall not be binding upon either Party hereto.

12.4 Costs and Attorneys' Fees. If either Party initiates a judicial or other proceeding, the prevailing Party will be entitled to reasonable costs and expenses (including reasonable attorneys' fees incurred in connection with such judicial or other proceeding).

12.5 Titles. The titles and subtitles of the various sections, paragraphs and subparagraphs of this Agreement are inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, conditions or provisions of this Agreement. The words "**Franchisor**" and "**Franchisee**" herein shall be applicable to one or more parties, as the case may be, the singular shall include the plural, and the masculine shall include the feminine and neuter, and vice versa; and if there shall be more than one person referred to as the Franchisee hereunder, then their obligations and liabilities herein shall be joint and several.

12.6 Injunctive Relief and Remedies. Franchisee acknowledges that its franchise is one of a number of franchises using the Marks and style of conducting a Dental Office, and that the failure on the part of Franchisee to comply with any of the terms of this Agreement could cause irreparable damage to some or all of the other franchisees. Therefore, Franchisee agrees for itself and on behalf of its affiliates that if Franchisee or its affiliates are in default of this Agreement, or in the event of threatened breach by Franchisee or its affiliates of any of the provisions of this Agreement, Franchisor shall have the immediate right, without notice to Franchisee or its affiliates, to secure an order enjoining any such default or threatened breach, and, if this Agreement has been terminated, Franchisee and its affiliates may be enjoined from any continued operation of the Dental Office, or any other operation in violation of this Agreement. This covenant shall be independent and severable and shall be enforceable, notwithstanding any rights or remedies that Franchisor may have hereunder. Any specific right or remedy set forth in this Agreement, legal, equitable or otherwise, shall not be exclusive, but shall be cumulative upon the rights and remedies set forth herein, or allowed or allowable by this Agreement or by law. The Parties agree that any claim for lost earnings or profits by Franchisee shall be limited to a maximum amount equal to the net profits of the Dental Office for the prior year as shown on Franchisee's federal income tax return. In the event this Agreement is terminated by Franchisor based on Franchisee's default, the Parties agree that it would be difficult, if not impossible, to determine the amount of damages that Franchisor would suffer. Therefore, the Parties agree that a reasonable estimate of damages is the net present value of the Royalty Fees and all other fees that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Franchisee's default. Royalty Fees and other fees for purposes of this provision shall be calculated based on the Dental Office's average monthly Gross Collections for the 12 months preceding the termination date.

12.7 Right of Offset. Notwithstanding any other provision of this Agreement, upon the failure of Franchisee to pay any sum of money due to Franchisor or its affiliates, as and when due, Franchisor may, at its election, deduct all such sums remaining unpaid from any monies or credit held by Franchisor for the account of Franchisee.

12.8 No Waiver. No waiver of any condition or covenant contained in this Agreement, or failure to exercise a right or remedy, by the Parties shall be considered to imply or constitute a further waiver by either Party of the same or any other condition, covenant, right or remedy.

12.9 Binding Nature and Survival. The terms, conditions and provisions contained herein shall be binding upon and inure to the benefit of the permitted heirs, executors, administrators other legal representatives, successors and assigns of the Parties hereto. All of the Parties' (and their Owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effort subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire (including, without limitation, the post-termination restrictive covenant, dispute resolution and notice, and confidentiality provisions).

12.10 Delegation. Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether the same are agents or affiliates of Franchisor and/or independent contractors with which Franchisor has contracted to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations under this Agreement to all such third parties. Franchisee acknowledges and agrees that Franchisor may not be bound, and this Agreement may not be modified, by any third party without Franchisor's prior written consent. Franchisee acknowledges and agrees that any delegation of Franchisor's duties and obligations to third parties does not assign or confer any rights under this

Agreement upon such third parties and that such third parties are not third-party beneficiaries of this Agreement.

12.11 Notices. All written notices required to be given under this Agreement shall be given in writing, by electronic mail, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the address set forth in the preamble to this Agreement or at such other addresses as the Franchisor or the Franchisee may designate from time to time. Notices shall be deemed delivered one business day after transmission by electronic mail; one business day after being placed in the hands of a commercial courier service for overnight delivery; or three business days after being deposited in the United States Mail, postage prepaid and addressed to the Party to be notified at its most current principal business address of which the notifying Party has been notified in writing.

12.12 Authorization to Communicate Electronically; Prompt Response Required. By executing this Agreement, Franchisee authorizes the Franchisor and its affiliates and approved suppliers, to communicate with Franchisee electronically, including via electronic mail or text message, and unless a written communication is required, to communicate with the Franchisee via telephone, notwithstanding whether any or all of Franchisee's telephone numbers appear on a state or federal do-not-call registry. Franchisee acknowledges and agrees that it is critical to the efficient and successful administration of the franchise relationship that Franchisee promptly responds to all communications from Franchisor. Accordingly, Franchisee agrees to respond within five business days to each communication from Franchisor.

12.13 Force Majeure. "**Force Majeure**" means an event that prevents a Party to this Agreement from performing that is not the fault of or within the reasonable control of the Party claiming Force Majeure. Force Majeure includes acts of god, fires, strikes, war, terrorism, riot, governmental laws or restrictions, or any other similar event or cause rendering performance of the contract impossible. Except with respect to payment obligations, neither Party shall be deemed to be in breach of this Agreement if a Party's failure to perform its obligations results from Force Majeure and any delay resulting from Force Majeure will extend performance accordingly or excuse performance in whole or in part as may be reasonable. Force Majeure does not include Franchisee's financial inability to perform, inability to obtain financing, inability to obtain permits or licenses or any other similar events unique to Franchisee or to general economic downturn or conditions. If Franchisee is affected by an event of Force Majeure, it shall provide a prompt written request for relief to Franchisor describing and setting forth the nature of the Force Majeure, an estimate as to its duration, and a plan for resuming full compliance with this Agreement. Franchisor will have full discretion whether to grant or deny any request for relief. If Franchisee fails to provide the required notice it shall be liable for failure to give such timely notice only to the extent of damage actually caused.

12.14 Electronic Signatures. The Parties hereby acknowledge and agree that electronic signatures, in such form and manner as Franchisor may prescribe from time to time, shall be legal and binding and shall have the same full force and effect as if an original of this Agreement had been signed and delivered by hand. Franchisor and Franchisee both (i) intend to be bound by the signatures (whether original or electronic) on any document sent or signed electronically, (ii) are aware that the other Party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature.

12.15 Consideration. The Parties acknowledge that the consideration given and to be given one to the other in this Agreement is conclusively fair, adequate and sufficient.

12.16 Signatures and Authority. The Parties represent and warrant that the signatures appearing below are their true, genuine, original and undeniable signatures. Each Party further warrants that it has full authority to sign and execute this Agreement on behalf of itself and its affiliates. The individuals executing this Agreement on behalf of Franchisee warrant to Franchisor, both individually and in their capacities as representatives of Franchisee, that all of the Owners of Franchisee and their affiliates have read and approved this Agreement, including, but not limited to, any restrictions which this Agreement places upon the right to Transfer their interests, the non-competition and confidentiality covenants and the dispute resolution provisions.

12.17 Voluntary Execution. The Parties represent and warrant that each has freely and voluntarily executed this Agreement without duress, coercion, improper persuasion or other form of undue influence.

12.18 Receipt. Franchisee acknowledges that it has had a copy of the Franchise Disclosure Document in its possession for not less than 14 full calendar days.

12.19 Covenant as to Anti-Terrorism Laws. Franchisee and its principal shareholders, members or owners ("**principal owners**" or "**principals**") agree to comply with or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its Owners certify, represent, and warrant that none of their respective property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither Franchisee nor any of its Owners are otherwise in violation of any of the Anti-Terrorism Laws. For the purposes of this Agreement, the term "**Anti-Terrorism Laws**" shall mean Executive Order 13224 issued by the President of the United States ("**Executive Order 13224**"), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement or their actions) addressing or in any way relating to terrorist acts or acts of war. Franchisee and its Owners certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "**Annex**"), which is available at: http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx. Franchisee agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). Franchisee also agrees not to knowingly: (a) establish a new relationship with a person as an employee, principal, banker, or otherwise who is listed in the Annex (whether or not Franchisor has consented to a transfer involving such new principal); and (b) maintain a business relationship (whether with an employee, a principal, banker, or otherwise) with a person who is added to the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or its Owners, its employees, or anyone else associated with Franchisee to be listed in the Annex. Franchisee understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Any misrepresentation by Franchisee under this Article or any violation of the Anti-Terrorism Laws by Franchisee, its principals, its employees, or their respective affiliates shall constitute grounds for immediate termination of this Agreement, and any other Agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates.

12.20 Acknowledgment.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. FRANCHISEE ACKNOWLEDGES THAT:

(a) THE SUCCESS OF THIS BUSINESS VENTURE INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESSPERSON AND DENTIST AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS, AND

(b) FRANCHISEE HAS NOT BEEN GIVEN ANY ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, BY FRANCHISOR OR ITS REPRESENTATIVES AS TO THE POTENTIAL SUCCESS OF THE BUSINESS, THE VIABILITY OF ANY BUSINESS LOCATION OR THE EARNINGS LIKELY TO BE ACHIEVED FROM THE OPERATION OF THE BUSINESS, NOR HAS FRANCHISEE RELIED UPON ANY SUCH ASSURANCE OR WARRANTY IN EXECUTING THIS AGREEMENT; AND

(c) NO STATEMENT, REPRESENTATION, OR OTHER ACT, EVENT, OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT AND IN ANY FRANCHISE DISCLOSURE DOCUMENT SUPPLIED TO FRANCHISEE, IS BINDING ON FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT.

[signature page to immediately follow]

IN WITNESS WHEREOF, the Parties have executed this Franchise Agreement as of the Effective Date stated below.

COMFORT DENTAL GROUP, INC.

By:______________________________________
Print Name:______________________________
Title:___________________________________
*Date:__________________________________
*(Effective Date of Franchise Agreement)

Sign here if you are taking the franchise as an

INDIVIDUAL(S)
(Note: use these blocks if you marked in <u>Exhibit IX</u> that you are an individual or a partnership but the partnership is not a separate legal entity)

____
Signature

Print Name: ______________________________
Date: ______________________________

____
Signature

Print Name: ______________________________
Date: ______________________________

____
Signature
Print Name: ______________________________
Date: ______________________________

Sign here if you are taking the franchise as a

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

____
Print Name of Legal Entity

By: ______________________________
Signature
Print Name: ______________________________
Title: ______________________________
Date: ______________________________

By: ______________________________
Signature
Print Name: ______________________________
Title: ______________________________
Date: ______________________________

EXHIBIT I
TO FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT

1. **Premises**. The Premises as defined in Section 1.1 of the Agreement will be: ________________
____

2. **Initial Franchise Fee**. The Initial Franchise Fee, described in Section 6.1 of the Agreement, is $_________.

3. **Furniture, Fixtures, Equipment and Supplies Fee**. The Furniture, Fixtures, Equipment and Supplies Fee ("**FF&E Fee**") described in Section 6.2 of the Agreement, will be $_________, payable as set forth in the Agreement.

Fully executed this _____ day of _____________________, 20___.

COMFORT DENTAL GROUP, INC.

By: ___________________________________

Title: _________________________________

FRANCHISEE

By: ___________________________________

Title: _________________________________

EXHIBIT II
TO FRANCHISE AGREEMENT

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT ("**Consulting Agreement**") made and entered into this ___ day of _________________, 20___, by and between Comfort Dental Group, Inc., a Colorado corporation with its principal office located at 2540 Kipling Street, Lakewood, Colorado 80215 ("**CDGI**") and **____** (hereinafter referred to as "**Franchisee**").

RECITALS

WHEREAS, CDGI and Franchisee have entered into a franchise agreement of even date herewith and to which this Consulting Agreement is attached as Exhibit II and incorporated therein (the "**Franchise Agreement**"); and

WHEREAS, as a result of the expenditure of substantial time, effort and money, CDGI and its affiliates have developed significant skills in the development and operation of dental offices providing full dental services to the general public ("**COMFORT DENTAL Dental Offices**" or "**Dental Offices**"); and

WHEREAS, such development and operational skills include practice management, appointment control, collection procedures, financial analysis, case presentation, purchasing procedures, promotional and marketing activities and patient relations; and

WHEREAS, pursuant to the Franchise Agreement, Franchisee is required to enter into this Consulting Agreement in order to maintain CDGI's high standards of quality, appearance and service in the operation of its Dental Office.

NOW, THEREFORE, the parties hereto, intending to be legally bound in consideration of the mutual agreements, covenants and promises contained herein, the obligations of the parties, the benefits to be derived and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

1. Engagement of CDGI. Franchisee hereby engages CDGI to provide consulting services, as an independent contractor, to Franchisee relating to Dental Office practice management, appointment control, collection procedures, financial analysis, case presentation, purchasing procedures, marketing and promotional activity and patient relations ("**Consulting Services**"). CDGI hereby accepts said engagement and agrees to provide the Consulting Services in accordance with the terms and conditions of this Consulting Agreement. CDGI shall have the right to designate one or more of its affiliates to perform any or all of the Consulting Services to Franchisee on its behalf.

2. Duties of CDGI. CDGI shall provide Consulting Services to Franchisee upon the request of Franchisee or as often as determined necessary and reasonable by CDGI. Franchisee acknowledges and understands that CDGI and its affiliates provide consulting services to other individuals and entities and that they may not be immediately available to provide the Consulting Services as requested by Franchisee. CDGI and its affiliates will make reasonable efforts to respond promptly to the requests of Franchisee. CDGI and its affiliates will not be responsible to Franchisee for any actual or consequential losses or damages resulting from performing, or any delays in performing, the Consulting Services.

3. Duties of Franchisee. Franchisee shall perform the following duties under this Consulting Agreement:

3.1 Franchisee shall pay to CDGI the sum of five hundred sixty-two thousand five hundred and no/100 Dollars ($562,500) ("**Consulting Fee**") upon the execution of this Consulting Agreement; provided, however, that the Consulting Fee may be paid pursuant to the Promissory Note and Security Agreement and Financing Statement attached to the Franchise Agreement as Exhibits VII and VIII, respectively. The Consulting Fee is nonrefundable unless CDGI or its affiliate fail to construct and equip the Dental Office for Franchisee within one year from the Effective Date of the Franchise Agreement.

3.2 Franchisee shall completely and timely perform all of its obligations under the Franchise Agreement. CDGI's obligations to Franchisee under this Consulting Agreement shall be suspended during any period of time that Franchisee is in default under the Franchise Agreement.

3.3 Franchisee shall indemnify and defend CDGI and its affiliates and hold them harmless from all proceedings, suits, fines, losses, claims, demands and actions of any nature or kind whatsoever, or from any third party whomsoever, directly or indirectly arising out of, or in any manner whatsoever associated or connected with CDGI's or its affiliates' performance of the Consulting Services hereunder.

4. Term and Termination. The term of this Consulting Agreement shall coincide with the Term of the Franchise Agreement as defined therein, unless sooner terminated as provided below. This Consulting Agreement may not be terminated by Franchisee unless Franchisee is permitted to terminate the Franchise Agreement in accordance with the provisions set forth in the Franchise Agreement. This Consulting Agreement shall terminate simultaneously with the Franchise Agreement if Franchisee commits any default under the Franchise Agreement or any default under this Consulting Agreement. While a termination of this Consulting Agreement will relieve CDGI and its affiliates of any of their obligations hereunder, no termination of this Consulting Agreement shall relieve Franchisee of its obligations under this Consulting Agreement, or the Franchise Agreement.

5. Relationship of the Parties. CDGI and its affiliates shall at all times be deemed to be independent contractors. Nothing contained in this Consulting Agreement shall be construed so as to create an employee, agency, representative, partnership, joint venture or fiduciary relationship between CDGI or its affiliates and Franchisee. CDGI and its affiliates shall not be liable or responsible for the debts and obligations of Franchisee.

6. Further Actions. At any time and from time to time, each party agrees to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Consulting Agreement.

7. Binding Effect. This Consulting Agreement shall be binding upon and shall inure to the benefit of CDGI and its affiliates and their respective successors, assigns, heirs and legal representatives as well as Franchisee and its permitted successors, assigns, heirs and legal representatives, but neither this Consulting Agreement nor any rights hereunder may be assigned by Franchisee without the prior written consent of CDGI.

8. Waiver. Any waiver by any party of a breach of any provision of this Consulting Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Consulting Agreement. The failure of a party to insist upon strict adherence to any term of this Consulting Agreement on one or more occasions will not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Consulting Agreement. Any waiver must be in writing and, in the case of a corporate party, be authorized by a resolution of the board of directors or by an officer of the waiving party.

9. Force Majeure. CDGI and its affiliates shall not be liable to Franchisee in any manner for any failure or delay in fulfilling its obligations hereunder directly or indirectly owing to any events or circumstances beyond their control.

10. Severability. In case any one or more of the provisions contained in this Consulting Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, the provisions of the Franchise Agreement regarding severability shall apply to this Consulting Agreement.

11. Dispute Resolution. The parties agree that any controversy or claim arising out of or relating to this Consulting Agreement, or the breach hereof, shall be resolved pursuant to the terms of the Franchise Agreement.

12. Miscellaneous. The parties hereby:

(a) Acknowledge that the consideration given and to be given one to the other in this Consulting Agreement is conclusively fair, adequate and sufficient.

(b) Represent and warrant that each is validly authorized and legally competent to execute this Consulting Agreement as a binding and enforceable agreement.

(c) Represent and warrant that the signatures appearing below are their true, genuine, original and undeniable signatures.

(d) Represent and warrant that each has freely and voluntarily executed this Consulting Agreement without duress, coercion, improper persuasion or other form of undue influence.

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

COMFORT DENTAL GROUP, INC.	**FRANCHISEE**
	____________________________________
By: ____________________________________	By: ____________________________________
Title: __________________________________	Title: __________________________________

EXHIBIT III
TO FRANCHISE AGREEMENT

SUBLEASE AGREEMENT

This Sublease Agreement (this "**Lease**") between sublandlord, Comfort Dental Group, Inc., a Colorado corporation ("**Landlord**"), and subtenant, ________________, ("**Tenant**"), is dated __________________, 20__.

1. Basic Lease Definitions, Exhibits And Additional Definitions.

1.1 Basic Lease Definitions. In this Lease, the following defined terms have the meanings indicated:

(a) "**Lease Date**" means ____________.

(b) "**Premises**" means that property with an address of _________________________.

(c) "**Use**" means a dental clinic performing standard dental work and hygiene and the sale of services and products typically associated with such a dental clinic, and for no other purpose.

(d) "**Trade Name**" means Comfort Dental.

(e) "**Term**" means the duration of this Lease, which will be approximately 5 years, beginning on the Commencement Date (as defined below) and ending on the Expiration Date (as defined below), unless terminated or extended as provided for in this Lease.

(f) "**Commencement Date**" is the date Tenant is first allowed to occupy the Premises.

(g) "**Expiration Date**" means (i) if the Commencement Date is the first day of a month, the 5-year anniversary of the day immediately preceding the Commencement Date; or (ii) if the Commencement Date is not the first day of a month, the 5-year anniversary of the last day of the month in which the Commencement Date occurs, unless in either case otherwise sooner terminated or otherwise extended in accordance with the provisions of this Lease.

(h) "**Base Rent**" means the Rent payable according to Section 3.1, which will be in an amount per month or portion thereof during the Term as follows:

Lease Years	Total Monthly Base Rent
1	
2	
3	
4	
5	

(i) “**Security Deposit**”: $0 which amount will be payable upon execution of this Lease by Tenant.

(j) “**Landlord’s Notice Address**”

Comfort Dental Group, Inc.
2540 Kipling St.
Lakewood, CO 80215

(k) “**Tenant’s Notice Address**” and “**Tenant’s Invoice Address**” means,

1.2 Additional Definitions. In addition to those terms defined in Section 1.1 and other sections of this Lease, the following defined terms when used in this Lease have the meanings indicated:

(a) “**Affiliates**” of a party means that party’s parent, subsidiary and affiliated corporations and its and their partners, venturers, directors, officers, shareholders, agents, servants and employees.

(b) “**Costs**” means those costs incurred by Landlord for any portion of the Premises, as such costs are more specifically defined in Section 3.2(a).

(c) “**Laws**” means any and all present or future federal, state or local laws, statutes, ordinances, rules, regulations or orders of any and all governmental or quasi-governmental authorities having jurisdiction.

(d) “**Lease Year**” means each successive period of 12 calendar months during the Term, ending on the same day and month (but not year, except in the case of the last Lease Year) as the day and month on which the Expiration Date will occur. If the Commencement Date is not the first day of a month, then the first Lease Year will be greater than 12 months by the number of days from the Commencement Date to the last day of the month in which the Commencement Date occurs.

(e) **“Master Lease”** means, in the event that the Premises is not owned by Landlord’s affiliate, BINK’M Company, LLC (“BINK’M”), the lease between BINK’M and the owner of the Premises. The Master Lease is attached hereto as Exhibit A.

(f) “**Prime Rate**” means the rate of interest announced from time to time by the Wall Street Journal, or any successor to it, as the prime rate. If the Wall Street Journal or any successor to it ceases to announce a prime rate, Landlord will designate a reasonably comparable publication for purposes of determining the Prime Rate.

(g) “**Rent**” means the Base Rent, Operating Expenses and all other amounts required to be paid by Tenant under this Lease..

2. Grant of Lease.

2.1 Demise. Subject to the terms, covenants, conditions and provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises.

2.2 Quiet Enjoyment. Landlord covenants that during the Term, Tenant will have quiet and peaceable possession of the Premises by, through and under Landlord, subject to the terms, covenants, conditions and provisions of this Lease, and Landlord will not disturb such possession except as expressly provided in this Lease.

2.3 Landlord and Tenant Covenants. Landlord covenants to observe and perform all of the terms, covenants and conditions applicable to Landlord in this Lease. Tenant covenants to pay the Rent when due, and to observe and perform all of the terms, covenants and conditions applicable to Tenant in this Lease. Tenant further warrants to abide by and satisfy the non-financial obligations of BINK'M under the Master Lease. In the event that the non-financial terms of this Lease and the Master Lease conflict, the terms of the Master Lease shall control unless otherwise provided by Landlord.

3. Base Rent and Operating Expenses.

3.1 Base Rent. Commencing on the Commencement Date and then throughout the Term, Tenant agrees to pay Landlord Base Rent according to the following provisions. Base Rent during each month (or portion of a month) described in Section 1.1(h) will be payable in equal monthly installments for such month (or portion), in advance, on or before the first day of each and every month during the Term. However, if the Term commences on other than the first day of a month or ends on other than the last day of a month, Base Rent for such month will be appropriately adjusted on a prorated basis.

3.2 Certain Definitions**.**

(a) "**Costs**" means, for any portion of the Premises, all reasonable costs of management, operation and maintenance, any of which may be furnished by Landlord, an affiliate of Landlord, or in the case the Premises have been leased by Landlord, Landlord's landlord (collectively, "**Landlord**") in their sole and absolute discretion, including, without limitation, landscaping, lighting, maintaining, paving, painting, repairing and replacing; removing snow and ice to the extent reasonably determined by Landlord as necessary; trash removal, management fees; providing seasonal holiday decorations; providing public liability, property damage, fire and extended coverage and such other insurance as Landlord deems appropriate; wages, salaries and compensation of employees; consulting, accounting, legal, janitorial, maintenance, fire protection, fire hydrant and other services; power, water, waste disposal and other utilities serving the Premises; licenses and permit fees; assessments or any other fees; providing parking and amenities to tenants of the Project; charges and expenses which under generally accepted accounting principles, consistently applied, would be regarded as management, maintenance and operating expenses; plus all reasonable costs (amortized over such period as Landlord will reasonably determine, together with interest thereon) of any capital improvements which have been or are made to the Premises or any portion thereof by Landlord.

(b) "**Taxes**" means the amount incurred or accrued during each calendar year according to generally accepted accounting principles for: all ad valorem real and personal property taxes and assessments, special or otherwise, levied upon or with respect to the Premises, the personal property used in operating the Premises, and the rents and additional charges payable by Tenant, and imposed by any taxing authority having jurisdiction; all taxes, levies and charges which may be assessed, levied or imposed in replacement of, or in addition to, all or any part of ad valorem real or personal property taxes or assessments as revenue sources, and which in whole or in part are measured or calculated by or based upon; and any reasonable expenses incurred by Landlord in any tax protest or appeal proceedings regardless of the success of those proceedings, including, without limitation, reasonable legal fees and costs.

(c) "**Operating Expenses**" means the sum of all Costs incurred by Landlord in such calendar year in connection with the Premises including, all sums BINK'M is required to pay under the Master Lease. In addition, Tenant shall pay one hundred percent (100%) of the costs related to its telephone service.

3.3 Payment of Operating Expenses. Tenant agrees to pay Landlord Operating Expenses monthly as they are incurred by Landlord. Tenant acknowledges that, except as expressly set forth herein, Landlord has not made any representation or given Tenant any assurances as to the amount of Operating Expenses payable for any calendar year during the Term.

3.4 Other Taxes. Tenant will reimburse Landlord upon demand Tenant's Proportionate Share of any and all taxes payable by Landlord (other than income taxes and taxes included in real property and personal property taxes and assessments that could be included in Costs) whether or not now customary or within the contemplation of Landlord and Tenant: (a) upon, measured by or reasonably attributable to the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises; (b) upon or measured by Rent; (c) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Premises; and (d) upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. If it is not lawful for Tenant to reimburse Landlord, the Base Rent payable to Landlord under this Lease will be revised to yield to Landlord the same net rental after the imposition of any such tax upon Landlord as would have been payable to Landlord prior to the imposition of any such tax.

3.5 Terms of Payment. All Base Rent, Operating Expenses, Taxes and other Rent will be paid to Landlord in lawful money of the United States of America, at Landlord's Notice Address or to such other person or at such other place as Landlord may from time to time designate in writing, without notice or demand and without right of deduction, abatement or set-off, except as otherwise expressly provided in this Lease.

3.6 Interest on Late Payments, Late Charge. All amounts payable under this Lease by Tenant to Landlord, if not paid when due, will bear interest from the due date until paid at the greater of 10% per annum or the highest interest rate permitted by law. Landlord, at Landlord's option, in addition to past due interest, may charge Tenant a late charge for all payments more than five business days past due, equal to the lesser of 10% of the amount of said late payment or the maximum amount permitted by law.

3.7 Right to Accept Payments. No receipt by Landlord of an amount less than Tenant's full amount due will be deemed to be other than payment "on account," nor will any endorsement or statement on any check or any accompanying letter effect or evidence an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any right of Landlord. No payments by Tenant to Landlord: (a) after the expiration or other termination of the Term will reinstate, continue or extend the Term; or (b) will invalidate or make ineffective any notice (other than a demand for payment of money) given prior to such payment by Landlord to Tenant. After notice or commencement of a suit, or after final judgment granting Landlord possession of the Premises, Landlord may receive and collect any sums of Rent due under this Lease, and such receipt will not void any notice or in any manner affect any pending suit or any judgment obtained.

4. Use and Occupancy.

4.1 Use. Tenant agrees to use and occupy the Premises only for the Use described in Section 1.1(c).

4.2 Continuous Operation/Minimum Hours. Following the Commencement Date, Tenant agrees to continuously operate its business during the Term in and from the Premises during the following minimum business hours: 7:30 a.m. to 7:30 p.m. Monday through Friday and 7:30 a.m. to 1:30 p.m. on Saturday.

4.3 Compliance.

(a) In addition to the other requirements in this Section 4, Tenant agrees to use the Premises in a safe, careful and proper manner, and to comply with all Laws applicable to Tenant's use, occupancy or alteration of the Premises or the condition of the Premises resulting from such use, occupancy or alteration, at Tenant's sole cost and expense.

(b) Tenant agrees that, during the Term, Tenant will comply with all Laws governing, and all procedures established by Landlord for, the use, abatement, removal, storage, disposal or transport of any substances, chemicals, materials or medical and biochemical materials or wastes declared to be, or regulated as, hazardous or toxic under any applicable Laws ("**Hazardous Substances**") and any required or permitted alteration, repair, maintenance, restoration, removal or other work in or about the Premises that involves or affects any Hazardous Substances. Except as may be expressly permitted by Landlord in writing, Tenant will not store, use, release, produce, process or dispose in, on or about, or transport to or from, the Premises any Hazardous Substances. In addition, Tenant shall at its sole cost and expense (i) monitor the Premises for the presence of mold or any conditions reasonably expected to give rise to mold ("**Mold Conditions**"), (ii) promptly notify Landlord in writing if Tenant suspects mold or Mold Conditions at the Premises, and (iii) promptly hire trained and experienced mold remediation contractors to prepare and implement a remediation plan in the event mold or Mold Conditions exist in the Premises, which remediation plan shall be (A) subject to Landlord's approval, (B) subject to the confidentiality provisions of Section 20.7 hereof, and (C) implemented by Tenant promptly at its sole cost and expense in compliance with all applicable Laws. Tenant will indemnify and hold Landlord and Landlord's Affiliates harmless from and against any and all claims, costs and liabilities (including reasonable attorneys' fees) arising out of or in connection with any breach by Tenant of its covenants under this Section 4.3(b). Tenant's obligations under this Section 4.3(b) will survive the expiration or early termination of the Term.

4.4 Occupancy. Tenant will not cause, maintain or permit any nuisance in or about the Premises and will keep the Premises free of debris, and anything of a dangerous, noxious, toxic or offensive nature or which could create a fire hazard or undue vibration, heat or noise. Tenant will not make or permit any use of the Premises which may jeopardize any insurance coverage, increase the cost of insurance or require additional insurance coverage. If by reason of Tenant's failure to comply with the provisions of this Section 4.4 any insurance coverage is jeopardized, then Landlord will have the option to terminate this Lease; or (b) insurance premiums are increased, then Landlord may require Tenant to immediately pay Landlord as Rent the amount of the increase in insurance premiums.

4.5 Certain Rights Reserved to Landlord. Landlord reserves the following rights:

(a) To constantly have pass keys to the Premises, including, without limitation, a reasonable number of access keys for any security system that Tenant may install with respect to the Premises in order to provide Landlord with access to the Premises consistent with the terms of this Lease;

(b) To install, maintain, use, repair and replace pipes, ducts, conduits, wires and structural elements within columns, above ceilings, below floors, in telephone closets and in such other locations that are not generally visible from the interior of the Premises and do not materially interfere with Tenant's use of the Premises;

(c) At any time in the event of an emergency, or otherwise at reasonable times subject to prior notice to Tenant, to take any and all measures, including inspections, repairs, alterations, additions and improvements to the Premises, as may be reasonably necessary for the safety, protection or preservation of the Premises or occupants thereof, or as may be reasonably necessary in the operation or improvement of the Premises or in order to comply with all applicable Laws; and

(d) To show the Premises to prospective purchasers, lenders or tenants (but not the Premises without 48 hours' prior notice to Tenant).

4.6 Sharing of Premises With Comfort Dental Braces and Comfort Kids Franchisees**.** Tenant acknowledges, understands and agrees that it may be sharing the Premises with Comfort Dental Braces and/or Comfort Kids franchisees, and therefore will not have exclusive access to and use of the Premises. Tenant agrees that it will not disrupt the use of the Premises by any Comfort Dental Braces or Comfort Kids franchisees. In the event of any dispute between Tenant and any other such tenants of the Premises, Tenant shall allow Landlord to settle the dispute and agrees to promptly comply with Landlord's resolution. Additionally, Tenant agrees to promptly pay its Proportionate Share of Operating Expenses to Landlord as provided herein.

5. Services and Utilities.

5.1 Tenant Obligations. During the Term, Tenant will operate and maintain the Premises in compliance with all applicable Laws, and pay its Proportionate Share of the expenses described below. Landlord shall have the right to enter the Premises from time to time to inspect the services provided in this Section 5.1.

(a) Tenant will pay the utility company directly for gas and electrical services, including, without limitation, gas and electrical services required to operate the heating, ventilating and air conditioning ("**HVAC**") units exclusively servicing the Premises.

(b) Tenant will pay water usage charges and sewer fees to Landlord or its designee on a monthly basis based on the actual bill form the utility company pro-rated as to the sub-meter readings.

(c) Landlord will enter into contracts with licensed and insured service providers, on Tenant's behalf and at Tenant's sole cost and expense, for the provision of janitorial services (the "**Janitorial Contracts**") for the Premises.

(d) Landlord will obtain and maintain throughout the Term, on Tenant's behalf, a HVAC service maintenance contract for the HVAC system serving the Premises (a "**HVAC Contract**"). Tenant is required to operate the HVAC system in accordance with the applicable HVAC Contract obtained by Landlord and with all applicable manufacturer's recommendations and requirements. Tenant will inform Landlord of any HVAC problems within 10 days of their occurrence, and Tenant will be responsible for all HVAC maintenance, repair and replacement costs not covered by Tenant's HVAC Contract.

(e) Tenant represents and warrants that it is, and will at all times during the Term, be licensed, certified or registered by the appropriate governmental agency to conduct its activities in the Premises. Tenant further represents and warrants that it shall maintain at all times, at its sole expense, all permits, licenses, certifications or registrations that are required in connection with Tenant's activities in the Premises.

5.2 Interruption of Services. If any of the services that Landlord is obligated to provide pursuant to this Section 5 are interrupted or stopped, Landlord will use reasonable diligence to resume the service; provided, however, no irregularity or stoppage of any services described in this Section 5 will create any liability for Landlord (including, without limitation, any liability for damages to Tenant's personal property caused by any such irregularity or stoppage), constitute an actual or constructive eviction or cause any abatement of the Rent payable under this Lease or in any manner or for any purpose relieve Tenant from any of its obligations under this Lease.

6. Repairs.

6.1 Landlord's Obligations. In the event there is no Master Lease, Landlord shall keep the following in good order and repair to the extent reasonably necessary for Tenant's use and enjoyment of the Premises: structural elements and exterior surfaces of the Premises (including the foundation, concrete slab, roof, roof covering and exterior walls, but excluding exterior glass, the storefront and storefront doors), and all general plumbing, mechanical and electrical systems installed to the Premises, but excluding those portions of any plumbing, mechanical or electrical systems that exclusively serve or are located within the Premises

6.2 Tenant's Obligations. Tenant will, at Tenant's expense pursuant to its Proportionate Share, at all times during the Term: (a) maintain the entire Premises, including, without limitation, replacement of bulbs, tubes or ballasts in any lighting fixtures, all interior walls and ceilings, all fixtures and equipment in the Premises, all portions (including interior and exterior portions) of all doors and related hardware and jambs within or providing access to the Premises, all glass including all interior windows and exterior windows that are located in and on the Premises (the maintenance of which shall include, but not be limited to, window washing), all other interior and exterior aspects of the storefront of the Premises, including doors, and those portions of any mechanical, plumbing or electrical systems that exclusively serve or are located within the Premises in good order and repair and in a condition that complies with all applicable Laws; and (b) promptly and adequately repair all damage to the Premises and replace or repair all of such fixtures, equipment, window glass, doors and related hardware and jambs and portions of the mechanical, plumbing or electrical systems that are damaged or broken, all under the supervision and subject to the prior reasonable approval of Landlord. All work done by Tenant or its contractors (which contractors will be subject to Landlord's approval) will be done in a first-class workmanlike manner using only grades of materials at least equal in quality to the materials in the Premises and will comply with all insurance requirements and all applicable Laws. In performing any repairs, Tenant will cause the repairs to be made in a manner that complies with all applicable accessibility Laws, including, without limitation, the Americans with Disability Act (the "**ADA**").

6.3 Failure to Repair Premises. If Tenant fails to repair the Premises as required by this Section, Landlord may enter the Premises and perform such repairs on behalf of Tenant. Landlord will not be liable to Tenant for any loss or damage incurred as a result of such entry. Tenant will pay as Rent, within 10 days after the date of Landlord's invoice, all costs which may become payable by Tenant to Landlord under this Section 6.3, including an amount sufficient to reimburse Landlord for overhead and supervision.

6.4 Notice of Damage. Tenant will notify Landlord promptly after Tenant learns of (a) any fire or other casualty in the Premises; (b) any damage to or defect in the Premises, including the fixtures and equipment in the Premises, for the repair of which Landlord might be responsible; and (c) any damage to or defect in any parts or appurtenances of the Premises' sanitary, electrical, heating, air conditioning, elevator or other systems located in or passing through the Premises.

7. Alterations.

7.1 Alterations by Tenant. Tenant may, from time to time, at its own expense make changes, additions and improvements to the Premises as required by applicable Laws (including, without limitation, the ADA) or to better adapt the same to its business. Any such change, addition or improvement made by Tenant pursuant to this Section 7.1 will (a) comply with all applicable Laws; (b) be made only with the prior written consent of Landlord, which consent will not be unreasonably withheld; (c) be carried out only by qualified persons approved by Landlord. Tenant will promptly pay, when due, the cost of all such work. Tenant will also pay any increase in property taxes on, or fire or casualty insurance premiums for, or any portion thereof attributable to such change, addition or improvement and the cost of any modifications to the Premises that are required to be made in order to make the change, addition or improvement to the Premises. All changes, additions and improvements of a permanent character, made or paid for by Landlord or Tenant will, without compensation to Tenant, become Landlord's property upon installation. If at the time Landlord consents to their installation, Landlord requests or approves the removal by Tenant of any such changes, additions or improvements upon termination of the Lease, Tenant will remove the same upon termination of the Lease as provided in Section 15.1. All other changes, additions and improvements will remain Landlord's property upon termination of this Lease and will be relinquished to Landlord in good condition, ordinary wear and tear excepted.

7.2 Alterations by Landlord. Landlord may from time to time make repairs, changes, additions and improvements to the Premises, and for such purposes, Landlord may enter the Premises without liability to Tenant for any loss or damage incurred as a result of such entry. No permanent change, addition or improvement made by Landlord will materially impair access to the Premises.

8. Liens. Tenant agrees to pay before delinquency all costs for work, services or materials furnished to Tenant for the Premises, the nonpayment of which could result in any lien against the Premises. Tenant will keep title to the Premises free and clear of any such lien. Tenant will immediately notify Landlord of the filing of any such lien or any pending claims or proceedings relating to any such lien and will indemnify and hold Landlord harmless from and against all loss, damages and expenses (including reasonable attorneys' fees) suffered or incurred by Landlord as a result of such lien, claims and proceedings. In case any such lien attaches, Tenant agrees to cause it to be immediately released and removed of record (failing which Landlord may do so at Tenant's sole expense). Landlord reserves the right under Colorado statutes to post notice of non-responsibility or non-liability for such improvements.

9. Insurance.

9.1 Requirements. From the Commencement Date until the end of the Term, Tenant will provide, pay for and maintain in full force and effect, the insurance outlined herein, covering claims arising out of or in connection with the use, occupancy or maintenance of the Premises and all sidewalks and parking areas immediately adjacent to the Premises, by Tenant, its agents, representatives, employees or contractors.

(a) Commercial General Liability. Tenant will maintain commercial general liability insurance covering liability arising out of the use, occupancy or maintenance of the Premises on an occurrence basis against claims for bodily injury and property damage (including loss of use), personal injury and advertising injury. Such insurance will provide minimum limits and coverage as follows:

(i) Minimum Limits.

(A) $1,000,000 Each Occurrence (Combined Single Limit Bodily Injury and Property Damage).

(B) $2,000,000 General Aggregate.

(C) $2,000,000 Products / Completed Operations Aggregate.

(D) $1,000,000 Fire Damage.

(ii) Coverages.

(A) 1986 (or later) ISO Commercial General Liability Form (Occurrence Form).

(B) Additional Insured: Landlord, its partners, managers, officers and directors, employees, agents, subsidiaries, affiliates and Property Manager.

(C) Waiver of Subrogation in favor of Landlord and Property Manager.

(b) Automobile Liability. Tenant will maintain business auto liability covering liability arising out of any auto (including owned, hired and non-owned autos).

(i) Minimum Limits. $1,000,000 Combined Single Limit for each accident.

(ii) Coverages.

(A) Additional Insureds. Landlord, its partners, managers, officers and directors, employees, agents, subsidiaries, affiliates and Property Manager.

(B) Waiver of Subrogation in favor of Landlord and Property Manager.

(c) Workers Compensation. Tenant will maintain workers compensation and employers liability insurance.

(i) Minimum Limits.

(A) Workers Compensation: Statutory Limits.

(B) Employers Liability:

(I) Bodily Injury for Each Accident - $100,000.

(II) Bodily Injury by Disease for Each Employee - $100,000.

(III) Bodily Injury Disease Aggregate - $500,000.

(ii) Coverages. Waiver of Subrogation in favor of Landlord and Property Manager.

(d) Umbrella Coverage. Tenant will maintain an umbrella insurance coverage in the amount of $5,000,000.

(e) Personal Property. Tenant will maintain property insurance covering all personal property and equipment (including, but not limited to furnishings, fixtures, inventory, stock-in-trade and all betterments and leasehold improvements paid for by Tenant) in the Premises on a full replacement cost basis in amounts sufficient to prevent Tenant from becoming a coinsurer and insuring against Special Causes of Loss, including an amount of no less than $1,000 for money and securities (inside and outside of the Premises) and vandalism and malicious mischief.

(f) Other Insurance Provisions. Landlord, its partners, managers, officers and directors, subsidiaries, affiliates, employees, and agents will be named as additional insureds with respect to liability arising out of Tenant's use, occupancy, or maintenance of the Premises or activities performed thereon, on all liability policies carried by Tenant. Tenant's insurance will be primary insurance over any insurance carried by Landlord. Tenant's Workers' Compensation insurer will agree to waive all rights of subrogation against Landlord and its partners, managers, officers and directors, employees, agents, subsidiaries and affiliates for losses arising from work or activities performed by Tenant.

9.2 Waiver of Subrogation. Landlord and Tenant agree that all insurance required to be carried under Section 9.1(e) and other property damage insurance which may be carried by either of them will be endorsed with a clause providing that any release from liability of, or waiver of claim for, recovery from the other party entered into in writing by the insured thereunder prior to any loss or damage will not affect the validity of such policy or the right of the insured to recover under such policy, and providing further that the insurer waives all rights of subrogation which such insurer might have against the other party (and, when the "other party" is Landlord, such waiver will apply to Property Manager as well). Without limiting any release or waiver of liability or recovery set forth elsewhere in this Lease, and notwithstanding anything in this Lease which may appear to be to the contrary, each of the parties hereto waives all claims for recovery from the other party for any loss or damage to any of its property insured (or required by the terms of this Lease to be insured) under valid and collectible insurance policies to the extent of any recovery collectible (or would have been collectible if the insurance required under this Lease had been maintained) under such insurance policies; provided, however, that this waiver will not apply to the portion of any damage that is not reimbursable by the damaged party's insurer because of the deductible portion of the damaged party's insurance coverage.

9.3 Master Lease Insurance Requirements. Tenant shall comply with any additional insurance requirements contained in the Master Lease including additional types of insurance or increased limits.

10. Damage or Destruction.

10.1 Termination Options. If the Premises are damaged by fire or other casualty Landlord will, promptly after learning of such damage, notify Tenant in writing of the time necessary to repair or restore such damage, as estimated by Landlord's architect, engineer or contractor. If such estimate states that repair or restoration of all of such damage that was caused to the portion of the Project that is necessary for Tenant's occupancy cannot be completed within 180 days from the date of such damage, or if such damage occurred within the last 12 months of the Term and such estimate states that repair or restoration of all such damage that was caused to the Premises or to any other portion of the Project necessary for Tenant's occupancy cannot be completed within 30 days from the date of such damage, then Landlord will have the option to terminate this Lease. If Landlord exercises its option to terminate this Lease, the Term will expire and this Lease will terminate 10 days after notice of termination is delivered; provided, however, that Rent for the period commencing on the date of such damage until the date this Lease terminates will be reduced to the reasonable value of any use or occupation of the Premises by Tenant during such period and Landlord will be entitled to all proceeds of the insurance policy described in Section 9.1(d) applicable to any damaged leasehold improvements in the Premises.

10.2 Repair Obligations. If the Premises are damaged by fire or other casualty and Landlord does not terminate this Lease according to Section 10.1, then Landlord will repair and restore such damage with reasonable promptness, subject to reasonable delays and delays caused by matters beyond Landlord's control. Landlord will have no liability to Tenant and Tenant will not be entitled to terminate this Lease if such repairs and restoration are not in fact completed within the estimated time period. In no event will Landlord be obligated to repair, restore or replace any of the property required to be insured by Tenant according to Section 9.1. Tenant agrees to repair, restore or replace, at its expense, all leasehold improvements required to be insured by Tenant according to Section 9.1(d) as soon as possible after the date of damage to the prior condition. However, in connection with its repair and restoration of such damage, Landlord may, at its option, elect to repair and restore the damage, if any, caused to any or all of such leasehold improvements required to be insured by Tenant. If Landlord makes such election, Landlord will be entitled to all proceeds of the insurance policy described in Section 9.1(d) applicable to the leasehold improvements Landlord so elects to repair or restore and may limit its repair or restoration of such leasehold improvements to that which may be paid for in full by such proceeds.

10.3 Rent Abatement. If any fire or casualty damage renders the Premises untenantable and if this Lease is not terminated according to Section 10.1, then Rent will abate beginning on the date of such damage. Such abatement will end on the date Landlord has substantially completed the repairs and restoration Landlord is required to perform according to Section 10.2 and Tenant has had a reasonable period of time to substantially complete any repairs and restoration Tenant is required to perform according to Section 10.2. Such abatement will be in an amount bearing the same ratio to the total amount of Rent for such period as the untenantable portion of the Premises bears to the entire Premises. In no event will Landlord be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from damage caused by fire or other casualty or the repair of such damage.

10.4 Application of Section 10. This Section 10 shall only apply when there is no Master Lease.

11. Waivers and Indemnities.

11.1 Waiver. Landlord and its Affiliates will not be liable or in any way responsible for, and Tenant waives all claims against Landlord and its Affiliates for, any loss, injury or damage suffered by Tenant or others relating to (a) loss or theft of, or damage to, property of Tenant or others; (b) subject to Section 9.2, injury or damage to persons or property resulting from fire, explosion, falling plaster, escaping steam or gas, electricity, water, rain or snow, or leaks from any part of the Premises or from any pipes, appliances or plumbing, or from dampness; or (c) damage caused by other tenants, occupants or persons in the Premises or other premises in the Project or caused by the public or by construction of any private or public work.

11.2 Indemnity. Subject to Section 9.2 and except to the extent caused by the willful misconduct or gross negligence of Landlord, to the fullest extent permitted by applicable Laws, Tenant will indemnify, defend and hold harmless Landlord, its partners, managers, members, officers, directors, subsidiaries, affiliates, employees and agents from and against any and all liability, loss, claims, demands, damages or expenses (including reasonable attorneys' fees) due to or arising out of any accident or occurrence on or about the Premises (including, without limitation, accidents or occurrences resulting in injury, death, property damage or theft) or any willful or negligent act or omission of or breach of this Lease by Tenant or anyone for whom Tenant is legally responsible. Tenant's obligations under this Section 11.2 will survive the expiration or early termination of the Term.

12. Condemnation.

12.1 Full Taking. If all or substantially all of the Premises are taken for any public or quasi-public use under any applicable Laws or by right of eminent domain, or are sold to the condemning authority in lieu of condemnation, then this Lease will terminate as of the date when the condemning authority takes physical possession of the Premises.

12.2 Partial Taking.

(a) Termination of Lease. If only part of the Premises is thus taken or sold, and if after such partial taking, in Landlord's reasonable judgment, alteration or reconstruction is not economically justified, then Landlord (whether or not the Premises are affected) may terminate this Lease by giving written notice to Tenant within 60 days after the taking.

(b) Effective Date of Termination. Termination by Landlord will be effective as of the date when physical possession of the applicable portion of the Project or Premises is taken by the condemning authority.

(c) Election to Continue Lease. If Landlord elects not to terminate this Lease upon a partial taking of a portion of the Premises, the Rent payable under this Lease will be diminished by an amount allocable to the portion of the Premises which was so taken or sold. If this Lease is not terminated upon a partial taking of the Premises, Landlord will, at Landlord's sole expense, promptly restore and reconstruct the Premises to substantially their former condition to the extent the same is feasible. However, Landlord will not be required to spend for such restoration or reconstruction an amount in excess of the net amount received by Landlord as compensation or damages for the part of the Premises so taken.

12.3 Awards. As between the parties to this Lease, Landlord will be entitled to receive, and Tenant assigns to Landlord, all of the compensation awarded upon taking of any part or all of the Premises, including any award for the value of the unexpired Term.

13. Assignment and Subletting.

13.1 General Prohibition. No assignment of this Lease or sublease of all or any part of the Premises shall be permitted without the written consent of Landlord.

13.2 Tenant Still Liable. No subletting or assignment shall release Tenant or Tenant's guarantor, if any, of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof.

14. Personal Property.

14.1 Installation and Removal. Tenant may install in the Premises its personal property (including Tenant's usual trade fixtures) in a proper manner, provided that no such installation will interfere with or damage the mechanical, plumbing or electrical systems or the structure of the Premises, and provided further, that if such installation would require any change, addition or improvement to the Premises, such installation will be subject to Section 7.1. If no Default (as defined in Section 16.1) then exists, any such personal property installed in the Premises by Tenant (a) may be removed from the Premises from time to time in the ordinary course of Tenant's business or in the course of making any changes, additions or improvements to the Premises permitted under Section 7.1, and (b) will be removed by Tenant at the end of the Term according to Section 15.1. Tenant will promptly repair at its expense any damage to the Project resulting from such installation or removal.

14.2 Responsibility. Tenant will be solely responsible for all costs and expenses related to personal property used or stored in the Premises. Tenant will pay any taxes or other governmental impositions levied upon or assessed against such personal property, or upon Tenant for the ownership or use of such personal property, on or before the due date for payment. Such personal property taxes or impositions are not included in Costs.

14.3 Landlord's Lien. In order to secure payment of all Rent becoming due from Tenant, and to secure payment of any damages or loss which Landlord may suffer by reason of Tenant's failure to perform any of its obligations under this Lease, Tenant grants to Landlord a security interest in and an express contractual lien upon all goods, wares, equipment, fixtures, furniture, improvements and other personal property of Tenant now or later situated on the Premises and all proceeds thereof (the "**Landlord's Security Interest**"). Subject to the terms of this Section 14.3, Tenant's personal property may not be removed from the Premises without Landlord's consent at any time a Default exists or until all of Tenant's obligations under this Lease have been fully complied with and performed. Upon the occurrence of a Default, in addition to any other available remedies, Landlord will have all the rights of a secured party under the Colorado Uniform Commercial Code with respect to the property covered by Landlord's Security Interest. Tenant hereby authorizes Landlord to file such financing statements as may be required to perfect Landlord's Security Interest.

15. End of Term.

15.1 Surrender. Upon the expiration or other termination of the Term, Tenant will immediately vacate and surrender possession of the Premises in good order, repair and condition, except for ordinary wear and tear. Upon the expiration or other termination of the Term, Tenant agrees to remove (a) all changes, additions and improvements to the Premises the removal of which Landlord requested at the time Landlord consented to their installation, and (b) all of Tenant's trade fixtures, office furniture, office equipment and other personal property. Tenant will pay Landlord on demand the cost of repairing any damage to the Premises caused by the removal of any such items. Any of Tenant's property remaining in the Premises will be conclusively deemed to have been abandoned by Tenant and may be appropriated, stored, sold, destroyed or otherwise disposed of by Landlord without notice or obligation to account to or compensate Tenant, and Tenant will pay Landlord on demand all costs incurred by Landlord relating to such abandoned property. Tenant's obligations under this Section 15.1 will survive the expiration or early termination of this Lease.

15.2 Holding Over. Tenant understands that it does not have the right to hold over and Landlord may exercise any and all remedies at law or in equity to recover possession of the Premises, as well as any damages incurred by Landlord, due to Tenant's failure to vacate the Premises and deliver possession to Landlord as required by this Lease. If Tenant holds over after the Expiration Date with

Landlord's prior written consent, Tenant will be deemed to be a tenant from month-to-month, at a monthly Base Rent, payable in advance, equal to 150% of monthly Base Rent payable during the last year of the Term, and Tenant will be bound by all of the other terms, covenants and agreements of this Lease as the same may apply to a month-to-month tenancy, including, without limitation, the obligation to pay Operating Expenses. If Tenant holds over after the Expiration Date without Landlord's prior written consent, Tenant will be deemed a tenant at sufferance, at a daily Base Rent, payable in advance, equal to 200% of the Base Rent per day payable during the last year of the Term, and Tenant will be bound by all of the other terms, covenants and agreements of this Lease as the same may apply to a tenancy at sufferance, including, without limitation, the obligation to pay Operating Expenses.

16. Tenant's Default and Landlord's Remedies.

16.1 Default. Each of the following events will constitute a material breach by Tenant and a "**Default**" under this Lease:

(a) Failure to Pay Rent. Tenant fails to pay Base Rent, Operating Expenses or any other Rent payable by Tenant under the terms of this Lease when due.

(b) Failure to Perform Other Obligations. Tenant breaches or fails to comply with any other provision of this Lease applicable to Tenant, and such breach or noncompliance continues for a period of 10 days after notice by Landlord to Tenant; or, if such breach or noncompliance cannot be reasonably cured within such 10-day period, Tenant does not in good faith commence to cure such breach or noncompliance within such 10-day period or does not diligently complete such cure within 30 days after such notice from Landlord. However, if such breach or noncompliance causes or results in (i) a dangerous condition on the Premises or any portion of the Project, (ii) any insurance coverage carried by Landlord or Tenant with respect to the Premises or any portion of the Project being jeopardized, or (iii) a material disturbance to another tenant, then a Default will exist if such breach or noncompliance is not cured as soon as reasonably possible after notice by Landlord to Tenant, and in any event if not cured within 30 days after such notice. For purposes of this Section 16.1(b), financial inability will not be deemed a reasonable ground for failure to immediately cure any breach of, or failure to comply with, the provisions of this Lease.

(c) Nonoccupancy of Premises. Tenant fails to occupy and use the Premises in compliance with Section 4.2 of this Lease or vacates and abandons substantially all of the Premises.

(d) Transfer of Interest Without Consent. Tenant's interest under this Lease or in the Premises is transferred or passes to, or devolves upon, any other party in violation of Section 13.

(e) Execution and Attachment Against Tenant. Tenant's interest under this Lease or in the Premises is taken upon execution or by other process of law directed against Tenant, or is subject to any attachment by any creditor or claimant against Tenant.

(f) Bankruptcy or Related Proceedings. Tenant files a petition in bankruptcy or insolvency, or for reorganization or arrangement under any bankruptcy or insolvency Laws, or voluntarily takes advantage of any such Laws by answer or otherwise, or dissolves or makes an assignment for the benefit of creditors, or involuntary proceedings under any such Laws or for the dissolution of Tenant are instituted against Tenant, or a receiver or trustee is appointed for the Premises or for all or substantially all of Tenant's property.

(g) Default Under Franchise Agreement. Tenant defaults in its obligations under the Franchise Agreement with Comfort Dental Group, Inc.

16.2 Remedies. Time is of the essence with respect to Tenant's obligations under this Lease. If any Default occurs, Landlord will have the right, at Landlord's election, then or at any later time, to exercise any one or more of the remedies described below. Exercise of any of such remedies will not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Landlord at law or in equity.

(a) Cure by Landlord. Landlord may, at Landlord's option but without obligation to do so, and without releasing Tenant from any obligations under this Lease, make any payment or take any action as Landlord deems necessary or desirable to cure any Default in such manner and to such extent as Landlord deems necessary or desirable. Landlord may do so without additional demand on, or additional written notice to, Tenant and without giving Tenant an additional opportunity to cure such Default. Tenant covenants and agrees to pay Landlord, upon demand, all advances, costs and expenses of Landlord in connection with making any such payment or taking any such action, including reasonable attorneys' fees, together with interest at the rate described in Section 3.6, from the date of payment of any such advances, costs and expenses by Landlord.

(b) Termination of Lease and Damages. Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and, if such demand is refused, recover) possession of the Premises from Tenant. Tenant will remain liable to Landlord for damages in an amount equal to the Base Rent, Operating Expenses and other Rent which would have been owing by Tenant for the balance of the Term had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such recovery of possession or reletting. Landlord will be entitled to collect and receive such damages from Tenant on the days on which the Base Rent, Operating Expenses and other Rent would have been payable if this Lease had not been terminated.

(c) Repossession and Reletting. Landlord may reenter and take possession of all or any part of the Premises, without additional demand or notice, and repossess the same and expel Tenant and any party claiming by, through or under Tenant, and remove the effects of both using such force for such purposes as may be necessary, without being liable for prosecution for such action or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Premises by Landlord will be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord or notice given under an unlawful detainer or ejectment statute, or similar Laws will constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Tenant such written notice, in which event the Lease will terminate as specified in such notice. Landlord may make such repairs, alterations or improvements as Landlord considers appropriate to relet the Premises, and Tenant will reimburse Landlord upon demand for all costs and expenses, including attorneys' fees, which Landlord may incur in connection with such reletting. Landlord may collect and receive the rents for such reletting but Landlord will in no way be responsible or liable for any failure to relet the Premises or for any inability to collect any rent due upon such reletting. Regardless of Landlord's recovery of possession of the Premises, Tenant will continue to pay on the dates specified in this Lease, the Base Rent, Operating Expenses and other Rent which would be payable if such repossession had not occurred, less a credit for the net amounts, if any, actually received by Landlord through any reletting of the Premises.

(d) Bankruptcy Relief. Nothing contained in this Lease will limit or prejudice Landlord's right to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding, an amount equal to the maximum allowable by any Laws governing such proceeding in effect at the time when such damages are to be proved, whether or not such amount be greater, equal or less than the amounts recoverable, either as damages or Rent, under this Lease.

(e) Acceleration. Should Landlord elect to terminate this Lease pursuant to the provisions of Section 16.2(b), Landlord will be entitled to recover from Tenant, as damages for the loss of the bargain and not as a penalty, a sum equal to (i) all unpaid Rent for any period prior to the termination date of this Lease (including interest from the due date to the date of the award at the rate described in Section 3.6); plus (ii) the present value at the time of termination (calculated at the rate commonly called the "**discount rate**" in effect at Wells Fargo Bank, N.A. (or if such bank does not exist, a comparable bank selected on a reasonable basis by Landlord) on the termination date) of the amount, if any, by which (A) the aggregate of all Rent payable by Tenant under this Lease that would have accrued for the balance of the Term after termination, exceeds (B) the amount of Rent which Landlord will receive for the remainder of the Term from any reletting of the Premises occurring prior to the date of the award, or if the Premises have not been relet prior to the date of the award, the amount, of such Rent which could reasonably be recovered by reletting the Premises for the remainder of the Term at the then-current fair market rental value, in either case taking into consideration loss of rent while finding a new tenant, tenant improvements and rent abatements necessary to secure a new tenant, leasing brokers' commissions and other costs which Landlord has reasonably incurred or might reasonably incur in leasing the Premises to a new tenant; plus (iii) interest on the amount described in (ii) above from the termination date to the date of the award at the rate described in Section 3.6.

(f) Commence Actions. Landlord may commence one or more actions to recover all unpaid rent including, without limitation, the Accelerated Rent and/or recover possession of the Premises.

17. Security Deposit.

17.1 Amount. Upon execution of this Lease, Tenant will deposit the Security Deposit with Landlord in the amount described in Section 1.1(i). Landlord and Tenant intend the Security Deposit to be used solely as security for Tenant's faithful and diligent performance of all of Tenant's obligations under this Lease. The Security Deposit may, at Landlord's sole option, be placed in an interest-bearing account by Landlord for the entire Term, and Landlord will not be required to segregate it from Landlord's general funds. Tenant will not be entitled to any interest earned on the Security Deposit.

17.2 Use and Restoration. If Tenant fails to perform any of its obligations under this Lease, Landlord may, at its option, use, apply or retain all or any part of the Security Deposit for the payment of (a) any Rent in arrears; (b) any expenses Landlord may incur as a direct or indirect result of Tenant's failure to perform; and (c) any other losses or damages Landlord may suffer as a direct or indirect result of Tenant's failure to perform. If Landlord so uses or applies all or any portion of the Security Deposit, Landlord will notify Tenant of such use or application and Tenant will, within 10 days after the date of Landlord's notice, deposit with Landlord a sum sufficient to restore the Security Deposit to the amount held by Landlord immediately prior to such use or application. Tenant's failure to so restore the Security Deposit will constitute a Default.

17.3 Transfers. Tenant will not assign or encumber the Security Deposit without Landlord's express written consent. Neither Landlord nor its successors or assigns will be bound by any assignment or encumbrance unless Landlord has given its consent. Landlord will have the right, at any time and from time to time, to transfer the Security Deposit to any purchaser or lessee of any portion of the Project containing the Building. Upon any such transfer, Tenant agrees to look solely to the new owner or lessee for the return of the Security Deposit.

17.4 Refund. Provided that Tenant has fully and faithfully performed all of its obligations under this Lease, Landlord will refund the Security Deposit, or any balance remaining, to Tenant or, at Landlord's option, to the latest assignee of Tenant's interest under this Lease, within 60 days after the expiration or early termination of the Term and Tenant's vacation and surrender of the Premises to Landlord in the condition required by Section 15.1.

18. Limitations on Landlord's Liability. Any liability for damages, breach or nonperformance by Landlord, or arising out of the subject matter of, or the relationship created by, this Lease, will be collectible only out of Landlord's interest in the Premises and no personal liability is assumed by, or will at any time be asserted against, Landlord, its parent and affiliated corporations, its and their partners, venturers, directors, officers, agents, servants and employees, or any of its or their successors or assigns; all such liability, if any, being expressly waived and released by Tenant. In no event will Landlord be liable to Tenant or any other person for consequential, special or punitive damages, including, without limitation, lost profits. Landlord's review, supervision, commenting on or approval of any aspect of work to be done by or for Tenant are solely for Landlord's protection and, except as expressly provided, create no warranties or duties to Tenant or to third parties.

19. Notices. All notices required or permitted under this Lease must be in writing and will only be deemed properly given and received (a) when actually given and received, if delivered in person to a party who acknowledges receipt in writing; (b) one business day after deposit with a private courier or overnight delivery service, if such courier or service confirms delivery; or (c) two business days after deposit in the United States mails, certified or registered mail with return receipt requested and postage prepaid. All such notices must be transmitted by one of the methods described above to the party to receive the notice at, in the case of notices to Landlord's General Address, and in the case of notices to Tenant, the applicable Tenant's Notice Address, or, in either case, at such other address(es) as either party may notify the other of according to this Section 19.

20. Miscellaneous.

20.1 Binding Effect. Each of the provisions of this Lease will extend to, bind or inure to the benefit of, as the case may be, Landlord and Tenant and their respective heirs, successors and assigns, provided that this clause will not permit any transfer by Tenant contrary to the provisions of Section 13.

20.2 Complete Agreement; Modification. All of the representations and obligations of the parties are contained in this Lease, and no modification, waiver or amendment of this Lease or of any of its conditions or provisions will be binding upon a party unless it is in writing signed by such party.

20.3 Delivery for Examination. Submission of the form of the Lease for examination will not bind Landlord in any manner, and no obligations will arise under this Lease until it is signed by both Landlord and Tenant and delivery is made to each.

20.4 No Air Rights. This Lease does not grant any easements or rights for light, air or view. Any diminution or blockage of light, air or view by any structure or condition now or later erected will not affect this Lease or impose any liability on Landlord.

20.5 Enforcement Expenses. Tenant agrees to pay, upon demand, all of Landlord's costs, charges and expenses, including the fees and out-of-pocket expenses of counsel, agents, and others retained, incurred in successfully enforcing Tenant's obligations under this Lease. Costs, charges and expenses recoverable under this Section 20.5 will include, without limitation, those related to preparation, delivery and/or service of demand letters, notices of default, notices of termination, notices pursuant to applicable unlawful detainer or ejectment statutes and other similar correspondence and notices, even if litigation is not commenced or pursued to final judgment after such letters and/or notices are delivered and/or served.

20.6 No Waiver. No waiver of any provision of this Lease will be implied by any failure of either party to enforce any remedy upon the violation of such provision, even if such violation is continued or repeated subsequently. No express waiver will affect any provision other than the one specified in such waiver, and that only for the time and in the manner specifically stated.

20.7 Recording; Confidentiality. Tenant will not record this Lease, or a short form memorandum, without Landlord's written consent and any such recording without Landlord's written consent will be a Default. Tenant agrees to keep the Lease terms, provisions and conditions confidential and will not disclose them to any other person without Landlord's prior written consent. However, Tenant may disclose Lease terms, provisions and conditions to Tenant's accountants, attorneys, managing employees and others in privity with Tenant, as reasonably necessary for Tenant's business purposes, without such prior consent, provided that, upon such disclosure, Tenant's accountants, attorneys, managing employees and others in privity will be bound by the terms of this Section 20.7.

20.8 Captions. The captions of sections are for convenience only and will not be deemed to limit, construe, affect or alter the meaning of such sections.

20.9 Invoices. All bills or invoices to be given by Landlord to Tenant will be sent to Tenant's Invoice Address. Tenant may change Tenant's Invoice Address by notice to Landlord given according to Section 19. If Tenant fails to give Landlord specific written notice of its objections within 60 days after receipt of any bill or invoice from Landlord, such bill or invoice will be deemed true and correct and Tenant may not later question the validity of such bill or invoice or the underlying information or computations used to determine the amount stated.

20.10 Severability. If any provision of this Lease is declared void or unenforceable by a final judicial or administrative order, this Lease will continue in full force and effect, except that the void or unenforceable provision will be deemed deleted and replaced with a provision as similar in terms to such void or unenforceable provision as may be possible and be valid and enforceable.

20.11 Jury Trial. Landlord and Tenant waive trial by jury in any action, proceeding or counterclaim brought by Landlord or Tenant against the other with respect to any matter arising out of or in connection with this Lease, Tenant's use and occupancy of the Premises, or the relationship of Landlord and Tenant. However, such waiver of jury trial will not apply to any claims for personal injury.

20.12 Authority to Bind. The individuals signing this Lease on behalf of Landlord and Tenant represent and warrant that they are empowered and duly authorized to bind Landlord or Tenant, as the case may be, to this Lease according to its terms.

20.13 Only Landlord/Tenant Relationship. Landlord and Tenant agree that neither any provision of this Lease nor any act of the parties will be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

20.14 Covenants Independent. The parties intend that this Lease be construed as if the covenants between Landlord and Tenant are independent and not dependent and that the Rent will be payable without offset, reduction or abatement for any cause except as otherwise specifically provided in this Lease.

20.15 Joint and Several Liability. If Tenant is more than one party, the obligations under this Lease of the parties making up Tenant will be joint and several.

20.16 Governing Law. This Lease will be governed by and construed according to the laws of the State of Colorado.

Having read and intending to be bound by the terms and provisions of this Lease, Landlord and Tenant have signed it as of the Lease Date.

TENANT:	**LANDLORD:**
	COMFORT DENTAL GROUP, INC.
By: ____________________	By: ____________________
Printed Name: ________________	Printed Name: ________________
Title: ____________________	Title: ____________________

EXHIBIT IV
TO FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Non-Disclosure and Non-Competition Agreement (this "**Agreement**") is made and entered into this ___ day of _____________, 20___, among Comfort Dental Group, Inc. ("**CDGI**"), ____________________ ("**Franchisee**"), ___________________________, and ___________________ ("**Franchisee Affiliates**"). Capitalized terms used and not defined herein shall have the meanings given to them in the Franchise Agreement (defined below).

RECITALS

WHEREAS, CDGI has obtained a 1icense for the use and sublicense of the service mark COMFORT DENTAL and other related Marks in connection with a special and distinctive System for the establishment and promotion of dental offices providing full dental services to the general public ("**Dental Offices**"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, the Marks used in connection with the Dental Offices and all training and assistance programs and materials; advertising and promotional programs and materials and all other methods and standards developed by CDGI for use by the Dental Offices and all other Original Works and trade secrets of CDGI, all of which may be added to, changed, improved and further developed by CDGI from time to time (collectively, the "**Trade Secrets**") and;

WHEREAS, the Trade Secrets provide economic advantages to CDGI and the Dental Offices and are not generally known to, or readily ascertainable by proper means by, CDGI competitors who could obtain economic value from the knowledge and use of the Trade Secrets; and

WHEREAS, CDGI has taken, and will continue to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, CDGI has granted Franchisee a limited right to develop and operate a Dental Office using the System and the Trade Secrets pursuant to the terms of that certain Franchise Agreement between CDGI and Franchisee dated _______________ (the "**Franchise Agreement**"); and

WHEREAS, CDGI and Franchisee have agreed in the Franchise Agreement to the importance to CDGI and the Franchisee and other licensed users of the System of restricting the use of, access to and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain individuals and entities affiliated with Franchisee ("**Franchisee Affiliates**") to have access to and to use some or all of the Trade Secrets in the ownership development, management and operation of Franchisee and Franchisee's Dental Office; and

WHEREAS, Franchisee has agreed pursuant to the Franchise Agreement to obtain from the Franchisee Affiliates written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, the undersigned Affiliate(s) have a right to access the Trade Secrets or need to use the Trade Secrets in the course of their employment in order to effectively perform their services for Franchisee;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. CDGI or Franchisee may disclose to the Franchisee Affiliates some or all of the Trade Secrets relating to the System.

2. Each Franchisee Affiliate shall receive the Trade Secrets in confidence, maintain them in confidence, and use them only in the course of the management or ownership of Franchisee or employment by Franchisee and only in connection with the operation of the Dental Office, using the System, for so long as Franchisee is licensed by CDGI to operate the Dental Office.

3. The Franchisee Affiliates shall not make copies of any documents or compilations containing any of the Trade Secrets without CDGI's express written permission.

4. The Franchisee Affiliates shall not disclose or permit the disclosure of the Trade Secrets except to other Franchisee Affiliates and only to the limited extent necessary for the development, management or operation of the Dental Office using the System and only after such other Franchisee Affiliates have executed this Agreement.

5. All information and materials that CDGI designates as confidential shall be conclusively deemed to be part of the Trade Secrets for the purposes of this Agreement without any other proof of trade secrecy (under common law, statute or otherwise) required to be made by CDGI.

6. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets, and in consideration for the disclosure to the Franchisee Affiliates of the Trade Secrets, the Franchisee Affiliates further undertake and covenant as follows:

6.1 The Franchisee Affiliates shall not divert or attempt to divert, directly or indirectly, any business, business opportunity or patient of Franchisee's to any competitor.

6.2 The Franchisee Affiliates shall not do any act or omit to do any act, directly or indirectly, which would or would be likely to be injurious or prejudicial to the goodwill of the System.

6.3 The Manual described in <u>Section 1.1(d)</u> of the Franchise Agreement is loaned by CDGI to Franchisee for limited purposes only and remains the property of CDGI and may not be reproduced, in whole or in part, without CDGI's express written consent.

6.4 The Franchisee Affiliate shall surrender the Manual and any other Original Works and materials containing the Trade Secrets to Franchisee or to CDGI, upon request, or upon termination of employment by Franchisee or upon the termination or expiration of the Franchise Agreement, or upon conclusion of the use for which the Manual or other information or upon the termination or expiration of the Franchise Agreement or materials may have been furnished to the Franchisee Affiliates.

The Franchisee Affiliates' covenants and undertakings set out in this <u>Section 6</u> shall survive the termination of the Franchisee Affiliates' ownership or management of Franchisee or their employment by Franchisee, or the use for which the Manual or other information or materials were furnished to the Franchisee Affiliates.

7. Ancillary to the agreement providing the Franchisee Affiliates with the Trade Secrets and in further consideration for the disclosure of the Trade Secrets and to protect the uniqueness of the System,

the Franchisee Affiliates agree that during the time they are owners or managers of Franchisee or are employed by Franchisee and for three (3) years following the later of their termination of their ownership or management positions or their employment by Franchisee, the Franchisee Affiliates will not, without the prior written consent of CDGI:

7.1 Either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any individual, or entity, own, maintain, operate, engage in, be employed by or have any interest in any dental services business which is, or is intended to be, operated within a five-mile radius of the Dental Office.

7.2 Divert or attempt to divert any business or patient of any franchised business under the System to any competitor, by direct or indirect inducement or otherwise, or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the System and the Marks.

8. Franchisee hereby acknowledges its responsibilities under the Franchise Agreement to ensure that the Franchisee Affiliates perform the obligations required by this Agreement.

9. The Franchisee Affiliates agree that in the event of a breach of this Agreement, CDGI would be irreparably injured and would be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, CDGI shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm, and without being required to furnish bond or other security. The Franchisee Affiliates acknowledge and agree that they have been notified of the restrictive covenants in this Agreement at least 14 days prior to signing this Agreement, and have signed the Notice of Restrictive Covenants attached hereto as Exhibit A.

10. At any time and from time to time, each party agrees, at its own expense, to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Agreement.

11. The provisions of this Agreement shall be binding upon and inure to the benefit of Comfort Dental, its affiliates, and their respective successors, assigns, heirs and personal representatives.

12. Any waiver by any party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing and, in the case of a corporate party, be authorized by a resolution of the board of directors or by an authorized officer of the waiving party.

13. Notwithstanding anything to the contrary contained in this Agreement, in the event any valid, applicable law or regulation of a competent governmental authority or any court of law having jurisdiction over this Agreement and the parties hereto shall deem any provision hereof invalid or unenforceable, this Agreement shall be amended so as to be enforceable to the greatest extent permitted under such laws or regulations consistent with the intent of the provision. CDGI shall not, however, be precluded from contesting the validity, enforceability, or application of such laws, or regulations, or determinations in any action, hearing, or dispute relating to this Agreement.

14. The Franchisee Affiliates expressly agree that it is their intent that this Agreement be construed as broadly as possible to maximize the protections afforded CDGI. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be otherwise affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be otherwise affected or impaired thereby provided that such deleted provision or provisions do not materially affect the responsibilities of or benefits to be derived by, the parties from this Agreement. If such deleted provision materially affects the responsibilities of or benefits to be derived by, the parties from this Agreement, the parties agree to negotiate in good faith to establish new provisions which will not be in conflict with any applicable laws, ordinances or regulations and which will provide the parties with comparable responsibilities and benefits as the deleted provision or provisions.

15. In the event that any action is filed in relation to this Agreement, the unsuccessful party in such action shall pay to the successful party, in addition to all other sums that either party may be called to pay, a reasonable sum for the successful party's attorneys' fees. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without giving effect to conflict of laws. The parties also agree that the courts in the state of Colorado will be the most appropriate and convenient forum for the resolution of any dispute arising under this Agreement and they each, individually, hereby agree to submit to and refrain from contesting the jurisdiction of the courts in Colorado.

16. The parties hereby:

(a) Acknowledge that the consideration given and to be given one to the other in this Agreement is conclusively fair, adequate and sufficient.

(b) Represent and warrant that each is validly authorized and legally competent to execute this Agreement as a binding and enforceable agreement.

(c) Represent and warrant that the signatures appearing below are their true, genuine, original and undeniable signature.

(d) Represent and warrant that each has freely and voluntarily executed this Agreement without duress, coercion, improper persuasion or other form of undue influence.

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

FRANCHISEE	AFFILIATE
By: ______________________________	By: ______________________________
Title: ____________________________	Address: __________________________
	__________________________________
	__________________________________
COMFORT DENTAL GROUP, INC.	AFFILIATE
By: ______________________________	By: ______________________________
Title: ____________________________	Address: __________________________
	__________________________________

EXHIBIT A

TO NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

NOTICE OF RESTRICTIVE COVENANTS

This is a Notice of Restrictive Covenants ("**Notice**") that Comfort Dental Group, Inc., ("**Franchisor**") requires _____________, (the "**Franchisee Affiliate**") to sign, hereby acknowledging receipt of a Non-Disclosure and Non-Competition Agreement ("**Agreement**"), the form of which is attached hereto. Initial capitalized terms not defined in this Notice have the respective meanings set forth in the Agreement.

The Agreement contains covenants of confidentiality and not to compete by engaging in a similar business that could restrict Franchisee Affiliate's activities during the term and following the termination of the Agreement in Sections 2, 4, 5, 6, and 7. Franchisee Affiliate shall receive this Notice before Franchisee Affiliate signs the Agreement. The effective date of the Agreement shall be not less than fourteen (14) days after the date of this Notice.

Franchisee Affiliate acknowledges receipt of this Notice at least fourteen (14) days prior to signing the Agreement.

Franchisee Affiliate acknowledges and agrees that (1) complying with the restrictions contained in the Agreement will not prevent Franchisee Affiliate from earning a living, and (2) such restrictions are necessary and reasonable to protect Franchisor's valid interests (including, without limitation, relationships with customers, goodwill, the protection of trade secrets and other confidential information, protection from unfair competition, and other protectable interests).

Franchisee Affiliate understands and acknowledges that: (i) Franchisor's System, Marks, and proprietary Manual are unique to Franchisor and of great competitive value; (ii) Franchisor has invested and continues to invest substantial resources in developing its franchise System, Trade Secrets, confidential information, and goodwill; and (iii) any loss of goodwill will cause significant and irreparable harm to Franchisor.

FRANCHISEE AFFILIATE REPRESENTS AND WARRANTS THAT FRANCHISEE AFFILIATE HAS HAD THE OPPORTUNITY TO REVIEW THE AGREEMENT WITH PRIOR NOTICE OF ITS RESTRICTIVE COVENANTS AND TO CONSULT AN ADVISOR OR ATTORNEY OF ITS CHOICE BEFORE SIGNING THE AGREEMENT. FRANCHISEE AFFILIATE FURTHER ACKNOWLEDGES THAT IT UNDERSTANDS THE AGREEMENT AND IF IT SIGNS THE AGREEMENT, IT DOES SO KNOWINGLY AND VOLUNTARILY.

Signature: ________________________________

Name: ___________________________________

Date: ____________________________________

EXHIBIT V
TO FRANCHISE AGREEMENT

GUARANTY AGREEMENT

In consideration of, and as an inducement to, the execution of the Franchise Agreement by Comfort Dental Group, Inc. ("**Franchisor**") to which this Guaranty Agreement is attached, each of the undersigned hereby personally and unconditionally:

(a) Guarantees to Franchisor and its successors and assigns, for the term of the Franchise Agreement, including renewals, that Franchisee as that term is defined in the Franchise Agreement ("**Franchisee**"), shall punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement and any renewals thereof; and

(b) Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement (and any renewals thereof), including, but not limited to, those specifically identified below.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;

2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and

4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that:

1. His or her direct and immediate liability under this Guaranty shall be joint and several;

2. He or she shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;

3. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

4. Such liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement, including renewals thereof;

5. He or she shall be bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Franchise Agreement; and

6. The provisions contained in Articles 11 and 12 of the Franchise Agreement shall govern this Guaranty and any disputes between Guarantor and Franchisor, and such provisions are incorporated into this Guaranty by this reference.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Franchise Agreement was executed.

GUARANTOR(S)

Signature	Signature
Name – Typed or Printed	Name – Typed or Printed
Signature	Signature
Name – Typed or Printed	Name – Typed or Printed

EXHIBIT VI
TO FRANCHISE AGREEMENT

BUY AND SELL AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _______, 20____, by and between __________________________and ____ ("**Owners**"). The Owners are engaged in the practice of dentistry under the entity name of ____________ _____________ ("**Comfort**").

The purpose of this agreement is (1) to provide for the sale by an Owner during his lifetime, or by a deceased Owner's estate, of his interest in Comfort and for the purchase of such interest by continuing or surviving Owners, at a price fairly established, and (2) to provide all or a substantial part of the funds for the purchase. Owners include any shareholder, general partner, limited partner, member, and any other person or entity holding an interest in Comfort. The Owners each acknowledge and agree that this Agreement is subject to all applicable terms of conditions of the Subfranchise/Franchise Agreement which governs the operation of the dental office where the Owners practice dentistry ("**Franchise Agreement**").

NOW THEREFORE, in consideration of the mutual promises and obligations hereinafter set forth, each Owner agrees as follows:

1. Owner's Interests

At this time, each Owners' interest in Comfort is as follows:

_________________________________owns ________ percent (____%)

_________________________________owns ________ percent (____%)

_________________________________owns ________ percent (____%)

_________________________________owns ________ percent (____%)

_________________________________owns ________ percent (____%)

_________________________________owns ________ percent (____%)

Any change in the respective owners' interests shall be recorded in Schedule A, attached hereto.

Restrictions on Transfer

While this Agreement is in effect, no Owner shall have any right to sell, gift, assign, encumber, transfer or otherwise dispose of his interest in Comfort except as herein provided. Any sale, gift, assignment, encumbrance, transfer or other disposition of an Owner's interest in Comfort in contravention of the terms of this Agreement or the Franchise Agreement shall be null and void.

2. Agreement to Buy and Sell on Death

2.1 Upon the death of Owner, his estate shall sell and the surviving Owners shall purchase, his entire interest in Comfort for the price determined by operation of Section 2 of this Article, and upon the other terms and condition set forth in Section 3 of this Article. Each surviving Owner shall purchase that portion of the deceased Owner's interest which bears the same ratio to such interest as the interest already owned by the purchaser bears to the combined interests of all the Owners, excluding the interest of the deceased Owner.

2.2 The purchase price for a deceased Owner's interest in Comfort shall be an amount equal to the aggregate collections actually received by Comfort and attributed to professional services rendered by the deceased Owner for the twelve-month period ending on the last day of the month immediately preceding the date of the decedent's death (hereinafter referred to as the "**Death Value**"). Of this amount, the value of Comfort's capital assets, including good will is 95%. The remainder of the purchase price is comprised of the value of unrealized receivables and inventory. The purchase price for the portion of a deceased Owner's interest in Comfort which each surviving Owner is obligated to purchase shall be a pro-rata part of the purchase price for the entire interest. The Death Value shall be determined by the accounting firm regularly retained by Comfort and shall be determined in accordance with generally accepted accounting principles.

2.3 Upon the death of an Owner, each surviving Owner shall promptly file claims to collect, in cash, the one-sum death proceeds of all policies he owns on the deceased Owner's life. Upon collection of these proceeds and the qualifications of a Personal Representative for the deceased Owner, he shall pay over to the Personal Representative said proceeds, in an amount not in excess of the purchase price of the deceased Owner's interest in Comfort, as determined by operation of Section 2 of this Article which he is obligated to purchase.

If the amount a surviving Owner has paid under the immediately preceding paragraph is less than the purchase price provided by this Agreement for the portion of the deceased Owner's interest in Comfort which he is obligated to purchase the purchaser shall execute and deliver to said Personal Representative a promissory note payable to its order in the amount of this difference. This promissory note shall be paid in 36 equal consecutive monthly payments of principal and interest commencing six months after the date of the decedent's death.

The interest which this promissory note shall bear will be the rate which Wells Fargo Bank West, N.A. charges to its prime commercial patients borrowing funds on a secured basis on the date of the decedent's death. The interest rate applicable to the unpaid balance due on said promissory note shall be redetermined each year on the anniversary of the date of the decedent's death. The adjusted interest rate applicable to the unpaid balance due for the ensuing year shall be the rate which Wells Fargo Bank West, N.A. charges to its prime commercial patients borrowing funds on a secured basis on the anniversary of the date of the decedent's death.

Said note shall provide that in the case of default in the payment of principal or interest, the note shall become immediately due and payable at the election of the note holder. The purchaser shall have the right to prepay this note, in whole or in part, at any time, without consent and without penalty. Any prepayments shall not delay or postpone any subsequent payments.

Upon the purchaser's payment of the purchase price for the proportion of the deceased Owner's interest in Comfort which he is obligated to purchase, either in cash or by cash and execution of a promissory note as provided above, the Personal Representative of the deceased Owner and/or any other person or persons whose signatures may be necessary to transfer a complete title to said Owner's interest shall promptly execute, and said Personal Representative shall deliver to the purchaser, all instruments necessary to vest in him all rights, title and interest of the deceased Owner in Comfort which he purchased. Transfer of said interest shall be made free and clear of all taxes, debts, claims or other encumbrances whatsoever. Notwithstanding anything to the contrary herein provided, however, if the purchaser executes a promissory note in full or partial payment for the purchase price of the interest in Comfort which he is obligated to purchase, he shall secure said promissory note with his entire interest in Comfort after said purchase. This Comfort interest shall include the purchaser's right to participate in Comfort's profits and loans and his right to any distributions of excess net cash flow.

3. Disability

3.1 In the event an Owner is "totally disabled" for a continuous period of 180 days, said Owner shall sell his entire interest in Comfort, and the non-disabled Owners shall purchase said interest at a price equal to 80% of the Death Value determined by operation of Article III, Section 2, said price to be determined as of the date the Owner is first deemed "totally disabled" and upon the other terms and conditions herein provided. Each non-disabled Owner shall purchase that portion of the disabled Owner's interest which bears the same ratio to such interest already owned by the purchaser bears to the combined interests of all the Owners excluding the interest of the disabled Owner.

3.2 For purposes of this Agreement, an Owner shall be deemed to be "totally disabled" when he is deemed to be totally disabled by any insurance company for purposes of its disability buy-out insurance policy on his life described on Schedule B, attached hereto, and he shall continue to be deemed so totally disabled until said insurance company ceases to recognize him as totally disabled for the purposes of said policy. If the non-disabled Owner fails to acquire or maintain disability buy-out insurance, the term "**totally disabled**" or "**total disability**" refers to a condition resulting from injury or illness to any Owner which prevents him from performing the professional services required by his participation in Comfort for a period of 180 days and total disability shall be deemed to have occurred on the date of the disabling injury or illness.

3.3 The purchaser shall pay the purchase price established above by paying 10% of the purchase price in cash at the closing, which closing shall occur within thirty days of the expiration of said 180-day period and by executing and delivering to the disabled Owner a promissory note payable to his order in the amount of the balance due. This promissory note shall be paid in 120 equal consecutive monthly payments of principal and interest commencing 30 days after the date of closing.

This promissory note shall bear interest at the rate which Wells Fargo Bank West, N.A. charges to its prime commercial patients borrowing funds on a secured basis on the date of the anniversary of closing.

Said note shall provide that in case of default in the payment of principal or interest, the note shall become immediately and payable at the election of the payee. The purchaser shall have the right to prepay this note in whole or in part, at any time, without consent and without penalty. Any prepayment shall not delay or postpone any subsequent payments.

Upon the purchaser's payment of the purchase price for the disabled Owner's interest in Comfort which he is obligated to purchase, either in cash or by cash and execution of a promissory note as provided above, the disabled Owner and/or any other person or persons whose signatures may be necessary to transfer a complete title to said interest in Comfort shall promptly execute, and the disabled Owner shall deliver to the purchaser, all instruments necessary to vest in him all rights, title and interest of the disabled Owner in the business which he purchased.

Transfer of said interest shall be made free and clear of all taxes, debts, claims or other encumbrances whatsoever. Notwithstanding anything to the contrary herein provided, if the purchaser executes a promissory note in full or partial payment for the purchase price of the interest in Comfort which he is obligated to purchase he shall secure said promissory note with his entire interest in Comfort after said purchase. This interest in Comfort shall include the purchasers right to participate in Comfort's profits and losses and his right to any distributions of excess net cash flow.

3.4 Anything to the contrary in this Agreement notwithstanding, if an Owner dies while receiving payment for the purchase of his Comfort interest pursuant to the terms of this Article, the net death proceeds from any life insurance policy on his life which is owned by the purchaser shall be applied to pay the amount, if any, by which the purchase price for said interest exceeds the sum of the principal amounts paid for said interest by the purchaser.

3.5 If the disabled Owner is alive when all of the payments pursuant to Section 3 of this Article have been made, he shall have 60 days to purchase any policy or policies of life insurance on his life owned by the purchaser. The price of each such policy shall be its cash value and the date of the exercise of this option, as determined by the insurance company which issues said policy, less any indebtedness secured by said cash value.

3.6 If a "partially disabled" Owner dies before he/she can return to work a full-time schedule for 12 consecutive months, that Owner's death value will be computed as of the day he/she became partially disabled and not as of the day of death.

4. Retirement

4.1 At any time an Owner desires to leave the practice of dentistry, he shall offer, in writing, to sell his interest in Comfort to the other and remaining Owners, who shall have the right to purchase said interest for a period of thirty days after the mailing of a notice to them, for the price equal to the Death Value (as determined by operation of Article III, Section 2), said value to be determined as of the end of the month immediately preceding the date of the mailing of said offer, and upon the other terms and conditions herein provided. Each of the other and remaining Owners shall have the right to purchase that portion of the retiring Owner's interest which bears the same ratio to such interest as the interest already owned by the purchaser bears to the combined interests of all the Owners excluding the interest of the retiring Owner. In the event that a remaining Owner shall fail or refuse to purchase said interest, then the other and remaining Owners shall have the right to purchase said interest for a period of 15 days after he has received written notice that that the other Owner has failed or refused to purchase said interest. Said offers shall be accepted by giving notice to the retiring Owner at his residence.

In the event that the other and remaining Owners fail or refuse to purchase all of the retiring Owner's interest in Comfort all rights under the Franchise Agreement, and all Exhibits thereto, may be terminated by the Franchisor.

4.2 Purchaser shall pay the retiring Owner the purchase price established above for the interest in Comfort which he has become obligated to purchase by paying 10% of said price in cash at the closing, which closing shall occur within 90 days of the date of the acceptance of an offer made pursuant to the Article, and by executing and delivering to the selling Owner a promissory note payable to his order in the amount of the balance due. This promissory note shall be paid in 120 equal consecutive monthly payments of principal and interest commencing 180 days after the date of closing.

The interest which the promissory note shall bear will be the rate which Wells Fargo Bank West, N.A. charges to its prime commercial patients borrowing funds on a secured basis on the date of the purchaser's acceptance of the selling Owner's offer. The interest rate applicable to the unpaid balance due on said promissory note shall be determined each year on the anniversary of the date of said closing. The adjusted interest rate applicable to the unpaid balance due for the ensuing year shall be the rate which

Wells Fargo Bank West, N.A. charges to its prime commercial patients borrowing funds on a secured basis on the anniversary of the date of said closing.

Said note shall provide that in case of default in the payment of principal or interest, the note shall become immediately due and payable at the election of the payee. The purchaser shall have the right to prepay this note, in whole or in part, at any time, without consent and without penalty. Any prepayment shall not delay or postpone any subsequent payments.

Upon the purchaser's payment of the purchase price for the interest in Comfort which he has become obligated to purchase, either in cash or by cash and execution of a promissory note as provided above, the selling Owner and/or any other person or person whose signatures may be necessary to transfer a complete title to said interest in Comfort shall promptly execute, and the selling Owner shall deliver to the purchaser, all instruments necessary to vest in him all right, title and interest of the selling Owner in Comfort which the purchaser purchased. Transfer of said interest shall be made free and clear of all taxes, debts, claims or other encumbrances whatsoever. Notwithstanding anything to the contrary herein provided, if the purchaser executes a promissory note in full or partial payment for the purchase price of the interest in Comfort which he becomes obligated to purchase he shall secure said promissory note with his entire interest in Comfort after said purchase. This interest in Comfort shall include the purchaser's right to participate in Comfort's profits and losses and his right to any distributions of excess net cash flow.

5. Encumbrance

Except as herein provided, no interest in Comfort shall be mortgaged, pledged or otherwise encumbered.

6. Joint Sale To A Third Party

6.1 If the Owners mutually agree, in writing, to sell all of their interest in Comfort to a third party or to a consortium of third-party buyers, then said sale shall be for such price and upon such other terms as the Owners and said buyer or buyers shall agree upon. The Owners must unanimously agree upon said purchase price and the other terms and conditions governing said sale.

The Owners shall share the net proceeds of said sale in amounts equal to the ratio of the collection attributable to each Owner to the total collections of Comfort for the 12-month period ending on the last day of the month immediately preceding the date of said sale. To avoid confusion, if Owners A and B of a two-dentist franchisee are selling all of their interest in the franchise, and if 60% of the total office collections actually received by the franchise over the preceding 12-month period (for professional services rendered by the franchise) are attributable to Owner A, then Owner A would receive 60% of the net proceeds of said sale. Owner B would receive the remaining 40% of the net proceeds of said sale.

If the terms of said sale provide for payment of the purchase price by payment of a down payment and execution of a promissory note then each Owner shall be entitled to a portion of the down payment, and each payment on the promissory note, based upon the proportion of the net proceeds to which he is entitled.

6.2 If the Owners mutually agrees, in writing, to sell less than all of their interests in Comfort to a third party then said sale shall be for such price and upon such terms as the Owners and said buyer shall agree upon. The Owners must unanimously agree upon said purchase price and the other terms and conditions governing said sale.

If the Owners sell equal portions of their interests in Comfort to said third party then the net proceeds shall be subject to the terms of Section 1 above. If, on the other hand, the Owners sell unequal portions of their interests in Comfort then the Owners shall divide the net proceeds in proportion to the size of the interest in Comfort which each is selling.

6.3 For purposes of this Article, the term "**net proceeds**" shall mean the total purchase price for the interest in Comfort being purchased less costs incurred in selling said interest including, but not limited to, attorney and accountant fees incurred in consummating the transaction and brokerage fees.

7. Other Lifetime Transfers

7.1 If an Owner has received a bona fide offer for the purchase of all or any part of his interest in Comfort and is desirous of selling said interest, said Owner shall first offer said interest for sale to the other and remaining Owners upon the same terms and price as the bona fide offer, by letter addressed to the other and remaining Owners. Said offers shall remain open for a period of 45 days following their mailing. Each Owner shall have the right to purchase that portion of the interest offered for sale which bears the same ratio to that interest as the interest the purchaser already owns bears to the combined interests of all the Owners, excluding the interest or portion of an interest offered for sale and any interest retained by the selling Owner. If an Owner fails to purchase his full portion of an interest offered for sale within the time allowed, the other and remaining Owner shall have the right to purchase said interest for a period of 15 days after the mailing of a notice to him. These offers shall be accepted by giving written notice to the selling Owner at his residence.

7.2 Any interest in Comfort offered for sale pursuant to Section 1 of this Article which is not purchased by the other and remaining Owners within the time allowed may be sold or otherwise disposed of to any person or persons whatsoever for a period of 60 days, commencing upon the fewer of the last 15 day period of time for the remaining Owner to purchase said interest in Comfort; provided, however, that said third party or parties shall be required, as a condition of said sale or sales, to become a party or parties to this Agreement and the Franchise Agreement at the closing. Before and after consummation of such a sale, said third party or parties shall be subject to all of the terms and conditions of this Agreement and to the terms of the Franchise Agreement.

8. Release From Indebtedness

Upon the transfer of a deceased or withdrawing Owner's interest in Comfort pursuant to the terms of this Agreement the other and remaining Owners shall execute and deliver to the seller at the closing all instruments necessary for the assumption by the surviving Owners of all Comfort's debts and obligations. Moreover, the other and remaining Owners shall use their best efforts to release the seller from any liability he has by reason of his execution of a note to secure a line a credit or other loan for Comfort, said release to occur to the extent practicable, within 12 months after the date of his death or a lifetime transfer. The other and remaining Owners shall indemnify and hold harmless the withdrawing Owner, his estate and/or his or its successors or assigns against all Comfort's liabilities, and any and all claims by the surviving Owners or by Comfort's creditors.

9. Restrictions On Right To Compete

An Owner who sells his interest in Comfort pursuant to the terms of Article V or Article VIII of this Agreement shall not for a period of 36 months after said closing, directly or indirectly, own, manage, operate, control, be employed by, participate in, or be connected in any manner with, the ownership, management operation, or control of any business similar to the type of business conducted by Comfort at the time of closing within a radius of five miles of the principal place of business of Comfort. Said Owner agrees that this covenant is reasonable with respect to its duration, geographical area, and proscription.

Said Owner agrees that the covenants he has made in this Article shall be construed as an Agreement independent of any other provision of this Agreement. Hence, the covenants made in this Article shall survive the termination of this Buy and Sell Agreement. Moreover, the existence of any claim or cause of action of said Owner against the other and remaining Owners or Comfort, whether or not predicated upon the terms of this Buy and Sell Agreement, shall not constitute a defense to the enforcement by Comfort or the other and remaining Owners of these covenants.

In the event of said Owner's actual or threatened breach of the provisions of this Article, Comfort or the other and remaining Owners shall have the right to obtain injunctive relief and/or specific performance and to seek any other remedy available to them. In addition to such remedies, and due to the difficulty of ascertaining with any reasonable degree of certainty the damages that might be suffered, the parties hereto agree that, in the event there is any violation of the provisions of this covenant restricting competition, there will be paid as liquidated damages to Comfort the sum of $1,000 per day, or any part thereof, that said Owner continues to so breach said Agreement. Furthermore, the parties hereto agree that because of the nature of Comfort's business, the above amount of liquidated damages is reasonable.

If any provision of the Agreement becomes or is found to be illegal or unenforceable for any reason, such clause or provision may be severed or modified to the extent necessary to make this Agreement legal and enforceable and as so severed or modified, the remainder of this Agreement shall remain in full force and effect.

10. Purchase of Policies by Insured

10.1 The insured under any policy or policies subject to this Agreement shall have the right to purchase:

(a) From the estate of a deceased Owner, within 30 days after the appointment of a Personal Representative for the deceased Owner,

(b) After the termination of this Agreement under any of Paragraph A or B or this Article XIII hereof; and

(c) From the withdrawing Owner within 30 days after his withdrawal from Comfort as provided in Articles V or VIII above.

10.2 In addition, an Owner withdrawing from Comfort shall have the right within 30 days after his withdrawal to purchase any policy or policies on his life from the other and remaining Owners.

10.3 The foregoing right of purchase shall be exercised as to each policy by paying to the policy owner, in cash, within the time specified, an amount equal to the cash value on the date of the transfer of ownership, as determined by the insurance company which issues said policy, less any indebtedness secured by said cash value.

11. Continuation of Business

It is the intent and purpose of this Agreement that upon the sale of an interest in Comfort hereunder and subject to payment of the purchase price as herein provided, the surviving Owners may continue Comfort's business as their own, subject to compliance with the Franchise Agreement. They shall be under no duty to account to the withdrawing Owner or to his heirs, successors or assigns. They shall assume all Comfort's obligations and shall indemnify and save harmless the withdrawing Owner, his heirs, successors and assigns from all such obligations.

12. Amendment and Termination of Agreement

12.1 This Agreement may be amended at any time and in any particular by a writing signed by all the Owners.

12.2 This Agreement shall terminate upon:

(a) The written Agreement of all the Owners;

(b) The dissolution and liquidation of Comfort;

(c) The termination of rights under the Franchise Agreement;

(d) The death of all surviving Owners simultaneously, or within a period of 30 days of each other, or upon death of the last surviving Owner at any time before a closing required by this Agreement.

13. Miscellaneous

13.1 Agreement Binding. This Agreement shall be binding upon the Owners, their heirs, legal representatives, successors and assigns.

13.2 Parties to Implement Agreement. The Owners, the Personal Representative of any deceased Owner, and all other parties bound by this Agreement shall promptly execute and deliver any and all papers or instruments necessary or desirable to carry out the provisions of this Agreement.

13.3 Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement, or breach thereof, shall be resolved in accordance with the terms of the Franchise Agreement and any issues related to the Franchise Agreement will be resolved in the same proceeding.

(Signature page follows)

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

____

____

STATE OF ____________________________)
)ss.
CITY AND COUNTY OF _________________)

Subscribed, and sworn to and acknowledged before me this ________ day of ____________________________, 20____ by ______________________________.

Witness my hand an official seal.

My Commission Expires:

____

____
Notary Public

____

____
Notary Public's Address

STATE OF)
)ss.
CITY AND COUNTY OF)

Subscribed, and sworn to and acknowledged before me this ________ day of ____________________________, 20____ by ______________________________.

Witness my hand an official seal.

My Commission Expires:

____

____
Notary Public

____

____
Notary Public's Address

SCHEDULE "A" TO BUY AND SELL AGREEMENT

In amendment of the Buy and Sell Agreement executed on ___________________, 20____ by the partners engaged in the practice of dentistry under the franchisee name Comfort Dental _____________________________, the undersigned Owners hereby state that each Owners' new interest is as follows:

____________________________ owns ________ percent (____%)

____________________________ owns ________ percent (____%)

____________________________ owns ________ percent (____%)

____________________________ owns ________ percent (____%)

____________________________ owns ________ percent (____%)

____________________________ owns ________ percent (____%)

By: _______________________________________

By: _______________________________________

By: _______________________________________

By: _______________________________________

By: _______________________________________

By: _______________________________________

SCHEDULE "B" TO BUY AND SELL AGREEMENT

Name of Insured	Insurance Company	Policy Number	Owner	Face Amount

EXHIBIT VII
TO FRANCHISE AGREEMENT

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned ("**Maker**") promises to pay to the order of Comfort Dental Group, Inc. (the "**Holder**") 2540 Kipling St., Lakewood, CO 80215, or at such other place or to such other payee as the Holder of this Note may from time to time specify, the principal sum of Five Hundred Sixty-two Thousand Five Hundred and 00/100 Dollars ($562,500.00), together with interest thereon at a fixed rate equal to 10%, calculated on the basis of a 360-day year for the actual number of days elapsed. This Note shall be repaid in 120 consecutive monthly installments of principal and interest of Seven Thousand Four Hundred Thirty-Three and 48/100 Dollars ($7,433.48) on the first day of each month commencing ___________________. If any payment under this Note is not paid when due hereunder or if any of the other four events described in subsections (ii) – (v) below occurs, the entire unpaid principal sum of this Note shall become immediately due and payable, without notice, and, following any such event, the unpaid principal balance of this Note shall accrue interest at a rate equal to the greater of 10% per annum or the maximum percentage rate allowed by law.

Demands for payment shall be presumed to have been issued and the entire unpaid principal sum of this Note, together with any accrued interest thereon, shall become immediately due in the event of the occurrence of any one or more of the following, time being of the essence hereof:

(i) Maker fails to make any payment under this Note when due;

(ii) Maker files or there is filed against Maker any petition under the Federal Bankruptcy Code;

(iii) Maker makes an assignment for the benefit of creditors;

(iv) A receiver or trustee for all or any part of Maker's assets is appointed or applied for by any party; or

(v) Any default or event of default occurs under the Security Agreement (as defined below).

This Note, and all of Maker's obligations hereunder, are secured by the Collateral, as defined in that certain Security Agreement by and between Maker and Holder of even date herewith (the "**Security Agreement**").

Payments received for application to this Note shall be applied first to the payment of late charges or other expenses of Holder payable by Maker in connection herewith or in connection with the Security Agreement, if any, second to the payment of accrued interest at the rate specified above, if any, and the balance applied for reduction of the principal amount hereof.

Maker may prepay the principal amount outstanding under this Note, in whole or in part, at any time without penalty. Any partial prepayment shall be applied against the principal amount outstanding and shall not postpone the due date of any subsequent payments or change the amount of such payments.

No delay or omissions of the Holder of this Note to exercise rights hereunder shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. No waiver of any default shall be construed, taken or held to be a waiver of any other default, or waiver, acquiescence in, or consent to any further or succeeding default of the same nature. Maker waives presentment, notice of dishonor, and protest, and notice of protest and all other notices of every kind and, to the fullest extent permitted by law, all rights to plead any statute of limitation as a defense to any action hereunder. Maker waives any defense by reason of extension of time for payment or other indulgence granted by the Holder hereof.

In the event of default of this Note, the Maker shall pay to the Holder, on demand, all costs and expenses incurred to collect any indebtedness evidenced hereby, including, without Limitation, reasonable attorneys' fees. This Note shall be governed and construed in accordance with the laws of the State of Colorado and Maker agrees that the federal and state courts in Denver County, Colorado will be the most appropriate, convenient and exclusive forum for the resolution of any dispute arising under this Note and Maker hereby agrees to submit to the jurisdiction of the federal and state courts located in Denver, Colorado.

The provisions of this Note shall inure to the benefit of and be binding upon any successors to the Maker, or any assignees hereof, and shall extend to any holder hereof.

IN WITNESS WHEREOF, Maker has executed this Note on the date set forth below.

DATE: ______________________________, 20____

MAKER: ______________________________
By: ___________________________________
Its: ___________________________________

____
Individually

____
Individually

EXHIBIT VIII
TO FRANCHISE AGREEMENT

SECURITY AGREEMENT AND FINANCING STATEMENT

THIS SECURITY AGREEMENT AND FINANCING STATEMENT (this "**Agreement**") is made and entered into this ___ day of ____________ 20___ by and between Comfort Dental Group, Inc., a Colorado corporation ("**Secured Party**") and __________________, a ______________________ with its principal business address located at ("**Debtor**").

1. Security Interest. The Debtor hereby grants to the Secured Party a security interest in all furniture, fixtures, franchise and franchise agreements, Equipment, Inventory and Accounts now owned or in the future acquired by Debtor, whether now existing or in the future arising, and all proceeds and products thereof. The foregoing security is hereafter called the "**Collateral**." This Agreement is intended only to secure the obligations of the Debtor owing to the Secured Party described herein, and it is understood and agreed that the Secured Party does not hereby assume any of the obligations of the Debtor in connection with the Collateral. All capitalized terms not otherwise defined herein shall be as defined in the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of Colorado (the "**Code**"); provided, that, to the extent that the Code is used to define any term herein and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Secured Party's lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of Colorado, the term "**Code**" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

2. Obligations. This Agreement is given to secure payment of (i) if applicable, all obligations of Debtor under a Consulting Agreement of even date herewith by and between Secured Party and Debtor, as it may be amended from time to time (the "**Consulting Agreement**"), (ii) if applicable, all obligations of Debtor under a Franchise Agreement of even date herewith between Secured Party and Debtor, as it may be amended from time to time (the "**Franchise Agreement**"), (iii) all obligations of Debtor under a promissory note of even date herewith, by and between Secured Party and Debtor (the "**Note**"), (iv) any leases, loans or advances which may be made by Secured Party to Debtor on or after the date of this Agreement (such leases, loans or advances shall be in the absolute discretion of Secured Party and will be evidenced by an agreement and/or promissory note in form, substance and maturity acceptable to Secured Party, in its sole discretion), and (v) all costs and expenses, including reasonable attorneys' fees, incurred by Secured Party in the collection of the obligations secured hereby and the enforcement of the rights of the Secured Party under this Agreement, the Consulting Agreement, if applicable, the Franchise Agreement, any lease, loan or advance Agreement, and any other instrument securing payment or performance of such obligations (collectively, the "**Obligations**").

3. Agreements, Representations and Warranties of Debtor. The Debtor hereby agrees, represents and warrants to Secured Party as follows:

3.1 Debtor is the owner of the Collateral free and clear from any lien, security interest or encumbrance, other than the lien created under this Agreement. Debtor will keep the Collateral free of liens, security interests and encumbrances, other than as set forth herein, and Debtor will defend the Collateral against all claims and demands of all individuals or entities claiming the same or any interest therein adverse to the interest of Secured Party.

3.2 Debtor will at all times keep accurate and complete records of the Collateral and Secured Party, or any of its agents, shall have the right at all reasonable times to examine, inspect and make extracts from Debtor's books and records and to arrange for verification of the Collateral directly with account debtors or by other methods.

3.3 Debtor will take such actions and execute and deliver any documents furnished by Secured Party which are necessary in the judgment of Secured Party (i) to obtain, maintain, and perfect the security interest or better assure and confirm unto Secured Party its rights, powers and remedies hereunder (in furtherance thereof, a carbon, photographic or other reproduction of this Agreement or a financing statement shall be sufficient as a financing statement), (ii) to enable the Secured Party to comply with any federal or state law, or (iii) to otherwise effectuate the purposes of this Agreement. In the event Debtor fails to perform the obligations of this paragraph 3.3, Secured Party is hereby irrevocably appointed Debtor's attorney-in-fact to take such actions and execute and deliver such documents. Secured Party's appointment as Debtor's attorney-in-fact, and all of Secured Party's rights and powers, coupled with an interest, are irrevocable until all Obligations are indefeasibly paid in full.

3.4 Debtor will not sell, transfer or otherwise dispose of any of the Collateral or any interest therein except in the ordinary course of business.

3.5 In the event that Secured Party takes possession of the Collateral pursuant to the remedies available to Secured Party upon the default of Debtor, Debtor hereby assents to all extensions or postponements of the time of payment or any other indulgence in connection with the Collateral, to each substitution, exchange or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the acceptance of partial payments on the Collateral and the settlement, compromise or adjustment of them, all in such manner and at such time or times as Secured Party shall deem advisable. Secured Party shall have no duty as to the collection or protection of Collateral or any income from the Collateral, nor as to the preservation of rights against prior parties, nor as to the preservation of any right pertaining to the Collateral.

3.6 At Debtor's expense, Debtor will keep the Collateral insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Debtor's business is conducted on the date hereof. Debtor shall also maintain insurance relating to Debtor's ownership and use of the Collateral in amounts and of a type that are customary to businesses similar to Debtor's. All such policies of insurance shall be in such form, with such companies, and in such amounts as reasonably satisfactory to Secured Party and as required under the terms of the Franchise Agreement. All such policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Secured Party, showing Secured Party as an additional loss payee thereof and all liability insurance policies shall show the Secured Party as an additional insured, and shall specify that the insurer must give at least 20 days' notice to Secured Party before canceling its policy for any reason.

4. Events of Default. The occurrence of any of the following events shall constitute a default under this Agreement:

4.1 Failure by Debtor to perform all of its obligations under the Consulting Agreement, if applicable, the Note, this Agreement, the Franchise Agreement, or any other agreements, existing now or in the future, between Debtor and Secured Party relating to leases, loans or advances from Secured Party to Debtor.

4.2 The making or furnishing by Debtor to Secured Party of any representation, warranty, financial statement or other information which is materially false.

4.3 Sale or other disposition by Debtor of the Collateral or any other assets or property, except in the ordinary course of business.

4.4 If any portion of the Collateral is made the subject of a lien, security interest or other encumbrance (other than that in favor of Secured Party), or is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within 10 days, or if Debtor is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs.

4.5 The death, dissolution or commencement of any action or proceeding to dissolve Debtor, termination of existence of Debtor, insolvency of Debtor, business failure of Debtor, appointment of a receiver or trustee for Debtor or any substantial part of its assets, assignment for the benefit of creditors of Debtor, commencement of any action or proceeding by or against Debtor under any bankruptcy or insolvency laws or under any other present or future state or federal law for the relief of debtors.

4.6 Good faith belief by Secured Party that the Obligations secured by this Agreement are inadequately secured or that the prospect of payment or performance of such Obligations is impaired.

4.7 If the Obligations secured by this Agreement are guaranteed by a person or entity other than Debtor, the happening of any of the above events or conditions to, by or with respect to such other person or entity.

5. Remedies. Upon the occurrence of any event of default, at Secured Party's option, Secured Party may exercise its rights of enforcement under the Code, or as provided herein or otherwise available under applicable law, including the right to sell the Collateral or any portion thereof and, in conjunction with, addition to, or substitution for those rights, at Secured Party's discretion, may:

5.1 By notice to Debtor, accelerate the maturity of any amount owing under the terms and/or provisions of, and the payments of any amounts due pursuant to, the Consulting Agreement, if applicable, the Franchise Agreement, any other Agreement and/or promissory note relating to any lease, loan or advance from Secured Party to Debtor, however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereinafter existing or due or to become due, and thereupon all such payment obligations shall be immediately due and payable in full even though the period for payment thereof may not then have expired.

5.2 Require Debtor to assemble the Collateral and to make it available to Secured Party, to enable Secured Party to take possession or dispose of the Collateral and, in furtherance thereof (i) Debtor will execute, deliver, file and record any and all instruments, notices, affidavits, assignments, financing statements and other documents and take any action as shall in the judgment of Secured Party be necessary to assign all money due or to become due under the Collateral to Secured Party and to evidence and validate the security interest of Secured Party in the Collateral, (ii) Secured Party shall also have the right to notify and instruct person or persons owing any receivable to pay such amount directly to Secured Party, but Secured Party shall have no duty to do so, and (iii) Debtor hereby constitutes and appoints Secured Party its true and lawful attorney-in- fact, in the place and stead of Debtor with full power of substitution, either in Secured Party's own name or in the name of Debtor, to ask for, demand, sue for, collect, receive and give acquittance for any and all money due or to become due under and by virtue of the Collateral, to endorse checks, drafts, orders and other instruments for the payment of money payable to Debtor on account thereof, to settle, compromise, prosecute or defend any action, claim or proceeding with respect thereto, and to sell, assign, pledge, transfer and make any agreement respecting, or otherwise deal with, the same or take any action or execute any instrument which Secured Party may deem necessary or desirable to accomplish the purposes hereof; provided, however, that nothing herein contained shall be construed as requiring or obligating Secured Party to make any demand, or to make any inquiry as to the nature or sufficiency of any payment received by it, or to present or file any claim for the moneys due or to become due thereunder, and no action taken by Secured Party or omitted to be taken with respect to the said Collateral shall give rise to any defense, counterclaim or offset in favor of Debtor or to any claim or action against Secured Party. The appointment hereunder by Debtor of Secured Party as attorney-in-fact is irrevocable and coupled with an interest.

5.3 Waive any event of default or remedy an event of default in any reasonable manner without waiving the event of default remedied or waived and without waiving any other prior or subsequent default.

6. Sale of Collateral. The following procedure shall apply in the event of Secured Party's election to sell the Collateral or any portion thereof.

6.1 Secured Party shall give the Debtor reasonable notice of the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition thereof is to be conducted. The requirement of reasonable notice shall be met if notice of the sale or other intended disposition is mailed, as provided in Paragraph 10, at least ten (10) days prior to the time of such sale or other intended disposition. At any such private or public sale the Collateral may be sold as an entirety or in separate parcels, as the Secured Party may determine. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and such sale may without further notice be made at any time or place to which the same may be so adjourned. Secured Party may sell the Collateral, or any part thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as Secured Party may deem satisfactory, and Secured Party may be the purchaser of any and all of the Collateral so sold and thereafter hold the same, absolutely, free from any right or claim of whatsoever kind, including any equity of redemption of Debtor. Upon any sale of Collateral by the Secured Party hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial proceeds, or otherwise), the Secured Party shall have the right to deliver, assign and transfer to the purchaser the Collateral so sold and the receipt of the Secured Party or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Secured Party or such officer, or be answerable in any way for the misapplication or nonapplication thereof. Each Purchaser at any such sale shall hold the Collateral sold absolutely, free from any claim or right of whatsoever kind, including any equity or right of redemption of Debtor, which hereby specifically waives all rights of redemption, and any rights of stay or appraisal which Debtor has or may have under any rule of law or statute now existing or hereafter adopted. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but Secured Party shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. Debtor shall remain liable for any difference between the amount due Secured Party and the proceeds of any sale of the Collateral, and the amount of such difference shall then become immediately due and payable in full.

6.2 All proceeds of a sale of the Collateral by Secured Party hereunder shall be applied as follows:

(a) FIRST: To the payment of all expenses incurred by Secured Party in connection with such sale, including, but not limited to, the expenses of taking, advertising, processing, preparing and storing the Collateral to be sold, all court costs and reasonable fees of counsel to Secured Party in connection therewith, and to the repayment of all advances made by Secured Party hereunder for the account of Debtor and the payment of all costs and expenses paid or incurred by Secured Party in connection with the exercise of any right or remedy hereunder, to the extent that such advances, costs and expenses shall not theretofore have been reimbursed to Secured Party by Debtor.

(b) SECOND: To the payment of the balance then due under the Consulting Agreement, if applicable, the Note, the Franchise Agreement, and then to the Debtor's payment obligations under any other agreements, existing now or in the future, between Debtor and Secured Party relating to leases, loans or advances from Secured Party to Debtor.

(c) THIRD: In the case of any surplus remaining after the application of the proceeds of the sale of Collateral as aforesaid, to Debtor, its successors or assigns, or as a court of competent jurisdiction may direct.

7. Agreement Remains in Effect. The parties agree to each of the following:

7.1 This Agreement shall remain in effect, without waiver or surrender of any of the parties' rights hereunder, notwithstanding any one or more of the following:

(a) Extension of time of payment of the whole or any part of any sums due under the Consulting Agreement, if applicable, the Note, the Franchise Agreement or any other agreement between Debtor and Secured Party, existing now or in the future, relating to leases, loans or advances from Secured Party to Debtor;

(b) Any change in the terms and conditions of the Consulting Agreement, if applicable, the Franchise Agreement, or any other agreement between Debtor and Secured Party, existing now or in the future, relating to leases, loans or advances from Secured Party to Debtor;

(c) The addition or release of any guarantor, endorser, surety or any other party to the Consulting Agreement, if applicable, the Franchise Agreement, or any other agreement between Debtor and Secured Party, existing now or in the future, relating to leases, loans or advances from Secured Party to Debtor in whole or in part;

(d) Substitution or assignment of the Consulting Agreement, if applicable, the Franchise Agreement, or any other agreement between Debtor and Secured Party, existing now or in the future, relating to leases, loans or advances from Secured Party to Debtor in whole or in part;

(e) The acceptance by Secured Party of any Collateral or security of any kind for the payment of the Consulting Agreement, if applicable, the Franchise Agreement, or any other agreement between Debtor and Secured Party, existing now or in the future, relating to leases, loans or advances from Secured Party to Debtor, or any and all extensions, or renewals thereof, or of the foreclosure or the application of such Collateral security, in whole or in part;

(f) Surrender, release, exchange or alteration of any Collateral or other security given, either in whole or in part; or

(g) The release, settlement, discharge, compromise, change or amendment, in whole or in part, of any claim of Secured party against Debtor.

7.2 Secured Party shall be under no duty to select any constituent receivable of the Collateral over any other constituent receivable, but may select, sell and/or foreclose against such constituent receivable, or any portion thereof, as Secured Party in its sole discretion may determine.

7.3 No delay or failure of Secured Party in the exercise of any power or right shall operate as a waiver or an acquiescence, nor shall any single or partial exercise of any power or right preclude any future exercise of such power or right, and all rights and remedies of the Secured Party shall be cumulative.

8. Costs. In the event of a default by Debtor hereunder, Debtor shall pay all costs, fees and expenses incurred by Secured Party to collect Debtor's payment obligations under the Consulting Agreement, if applicable, the Note, the Franchise Agreement, and any future agreements between Debtor and Secured Party relating to leases, loans or advances from Secured Party to Debtor and to enforce Secured party's rights hereunder, including without limitation reasonable attorney's fees and other legal expenses.

9. Performance of Obligations by Secured Party. If Debtor shall fail to do any act or thing that it has covenanted to do hereunder or any representation or warranty of Debtor shall be breached, Secured Party may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and there shall be added to the liabilities of Debtor hereunder the cost or expense incurred by Secured Party in so doing, and any and all amounts expended by Secured Party in taking any such action shall be repayable to it upon demand being made to Debtor therefor and shall bear simple interest at the rate of 10% per year from and including the date advanced to the date of repayment.

10. Notices. All notices or demands by any party relating to this Agreement shall be in writing and shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, or by prepaid facsimile to Debtor or to Secured Party, as the case may be, at its addresses set forth below:

10.1 If to Secured Party:

Comfort Dental Group, Inc.
2540 Kipling Street
Lakewood, CO 80215
Attention: Graig Bears, Corporate Counsel

10.2 If to Debtor:

____
____
____
Attention:________________________

or such other addresses as each party may from time to time designate by such written notice to the other.

11. Termination. This Agreement (including, without limitation, all remedies provided in Section 5 hereof) shall terminate at the date on which all of Debtor's obligations under the Consulting Agreement, if applicable, the Note, the Franchise Agreement, and any other agreement between Debtor and Secured Party relating to leases, loans or advances from Secured Party to Debtor have been fully performed. At the time this Agreement is terminated, Secured Party shall reassign and deliver to Debtor or such person as Debtor shall designate in writing all Collateral in which Secured Party shall have any interest hereunder or which shall then be held by secured Party or in its possession and, if requested by Debtor, Secured Party shall execute and deliver to Debtor for filing in each office in which any financing statement relative to the Collateral or any part thereof, shall have been filed, a termination statement under the Uniform Commercial Code releasing Secured Party's interest therein or an assignment statement under the Uniform Commercial Code assigning Secured Party's interest therein to any person designated by Debtor.

12. Liability of Secured Party; Indemnification. Neither Secured Party nor any of its officers, directors, agents or employees shall be liable for any action taken or omitted to be taken by it or them under this Agreement except for its or their own gross negligence or willful misconduct. Secured Party shall be entitled to rely upon any paper, instrument or document which it in good faith believes to be genuine and correct and to have been signed or sent by the proper person or persons. Upon Secured Party's assignment of this instrument or any of its rights and powers, the assignee shall have the rights and remedies as if originally named herein in place of Secured Party, and Secured Party shall be thereafter fully discharged from all responsibility with respect to any such Collateral so assigned and/or delivered. Debtor will indemnify, defend and hold harmless Secured Party and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the this Agreement or any other written agreements between the parties referred to herein; and (b) all losses or expenses incurred, or paid by Secured Party from, following, or consequential to transactions between Secured Party and Debtor under this Agreement or any other written agreements between the parties referred to herein (including reasonable attorneys' fees and expenses), except for losses caused by Secured Party's gross negligence or willful misconduct.

13. **Binding Effect**. The provisions of this Agreement shall be binding upon and inure to the benefit of Secured Party and Debtor and their respective successors, assigns, heirs, and personal representatives.

14. **Waiver**. Any waiver by Secured Party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of Secured Party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive Secured Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver by Secured Party hereunder must be in writing and executed by the parties hereto.

15. **Entire Agreement**. This Agreement, together with the Note, the Consulting Agreement, the Franchise Agreement and any other agreements between the parties, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

16. **Attorney Fees, Governing Law and Selection of Forum**. In the event that any action is filed in relation to this Agreement, the provisions related to governing law, forum selection and all related provisions will be identical to those in the Franchise Agreement.

17. **Counterparts, Headings and Construction**. This Agreement may be executed in any number of counterparts, each of which together shall constitute one and the same instrument. The headings in this Agreement are solely for convenience of reference and shall be given no effect in the construction and interpretation of this Agreement. The singular shall include the plural, and the masculine shall include the feminine and neuter, and vice versa. The language used in this Agreement shall be deemed to be language chosen by both parties hereto to express their mutual intent, and no rule of strict construction against either party shall apply to any term or condition of this Agreement.

18. **Miscellaneous**. The parties hereby:

(a) Acknowledge that the consideration given and to be given one to the other in this Agreement is conclusively fair, adequate and sufficient.

(b) Represents and warrants that each is (in whatever capacity) validly authorized and legally competent to execute this Agreement as a binding and enforceable agreement.

(c) Represents and warrants that the signatures appearing below is their true, genuine, original and undeniable signature.

(d) Represents and warrants that each has freely and voluntarily executed this Agreement without duress, coercion, improper persuasion or other form of undue influence.

[**Signature Page Follows]**

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

Secured Party: Comfort Dental Group, Inc.

By:____________________________________
Title:___________________________________

Debtor: ________________________________

By:____________________________________
Title:___________________________________

____
Individually

____
Individually

EXHIBIT IX
TO FRANCHISE AGREEMENT

FRANCHISEE OWNERSHIP INTERESTS

Form Of Ownership
(Check One)

_______Individual(s) _______Legal Entity (check one):

_____Partnership _____Corporation _____Limited Liability Company

If an individual, please provide: full name, address, social security number and percentage of ownership interest:

Name	Address	Social Security No.	% Ownership Interest

If a legal entity, please attach a copy of the certificate of formation or articles of partnership/incorporation/organization, and provide the following information:

(a) the name, address and percentage of ownership interest of each partner/shareholder/member and indicate whether such person will be active in the business:

Name of Partner/Shareholder/Member	Address	Social Security No.	% Ownership Interest and Active (Y/N)

(b) If a corporation, please provide the full name, address and title of each officer and director:

Name of Officer/Director	Address	Title

Please provide the address where Franchisee's financial and other entity records, as applicable, are maintained (Dental Office location will be deemed to be the address unless otherwise stated below):

Address

____

____

EXHIBIT X
TO FRANCHISE AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT ("**Agreement**") is made and entered into this ___day of ______________________________, 20___ (the "**Effective Date**"), by and between ____, the Covered Entity ("**CE**") and Comfort Dental Group, Inc. ("**CDGI**") and one or more of its affiliates, the Business Associate ("**Associate**"). This Agreement is entered into pursuant to the terms of that certain Franchise Agreement, dated __________________, 20___ between CE as franchisee and CDGI as franchisor (the "**Franchise Agreement**").

RECITALS

WHEREAS, CE wishes to disclose certain information to Associate pursuant to the terms of the Franchise Agreement, some of which may constitute Protected Health Information ("**PHI**") (defined below).

WHEREAS, CE and Associate intend to protect the privacy and provide for the security of PHI disclosed to Associate pursuant to the Franchise Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended ("**HIPAA**") and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "**HIPAA Regulations**") and other applicable laws.

WHEREAS, as part of the HIPAA Regulations, the Privacy Rule (defined below) requires Associate and CE to enter into a written contract prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.502(e) and 164.504(e) of the Code of Federal Regulations ("**CFR**") and contained in this Agreement.

In consideration of the mutual promises below and the exchange of information pursuant to this Agreement, the parties agree as follows:

1. **Definitions**.

(a) "**Business Associate**" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 160.103.

(b) "**Covered Entity**" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 160.103.

(c) "**Data Aggregation**" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.501.

(d) "**Designated Record Set**" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.501.

(e) "**Health Care Operations**" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.501.

(f) "**Privacy Rule**" shall mean the HIPAA Regulation that is codified at 45 CFR Parts 160 and 164.

(g) "**Protected Health Information**" or "**PHI**" means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR Section 164.501. [45 CFR §§ 160.103]

2. **Obligations of Associate**.

(a) Permitted Uses. Associate shall not use PHI except for the purpose of performing Associate's obligations under the Franchise Agreement and as permitted under the Franchise Agreement and this Agreement. Further, Associate shall not use PHI in any manner that would constitute a violation of the Privacy Rule if so used by CE, except that Associate may use PHI (i) for the proper management and administration of Associate, (ii) to carry out the legal responsibilities of Associate, or (iii) for Data Aggregation, storage and data format conversion purposes for the Health Care Operations of CE. [45 CFR §§ 164.504(e)(2)(i), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(i)]

(b) Permitted Disclosures. Associate shall not disclose PHI in any manner that would constitute a violation of the Privacy Rule if disclosed by CE, except that Associate may disclose PHI (i) in a manner permitted pursuant to the Franchise Agreement and this Agreement, (ii) for the proper management and administration of Associate; (iii) as required by law, or (iv) for Data Aggregation purposes for the Health Care Operations of CE. To the extent that Associate discloses PHI to a third party for the proper management and administration of Associate or to carry out the legal responsibilities of Associate, Associate must obtain, prior to making any such disclosure, (i) reasonable assurances from such third party that PHI will be held confidential as provided pursuant to this Agreement and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) an agreement from such third party to immediately notify Associate of any breaches of confidentiality of the PHI, to the extent it has obtained knowledge of such breach. [45 CFR §§ 164.504(e)(2)(i), 164.504(e)(2)(i)(B), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(ii)]

(c) Appropriate Safeguards. Associate shall implement appropriate safeguards as are necessary to prevent the use or disclosure of PHI otherwise than as permitted by this Agreement and that are compliant with Subpart C of 45 CFR § 164. Associate shall maintain a comprehensive written information privacy and security program that includes administrative, technical and physical safeguards appropriate to the size and complexity of the Associate's operations and the nature and scope of its activities.

(d) Reporting of Improper Use or Disclosure. Associate shall report to CE in writing of any use or disclosure of PHI otherwise than as provided for by the Franchise Agreement, this Agreement, or required by applicable law within five (5) days of becoming aware of such use or disclosure. [45 CFR § 164.504(e)(2)(ii)(C)]

(e) Associate's Agents. Associate shall ensure that any agents or affiliates to whom it provides PHI agree in writing to the same restrictions and conditions that apply to Associate with respect to such PHI. [45 CFR § 164.504(e)(2)(ii)(D)]

(f) Access to PHI. Associate shall make PHI maintained by Associate or its agents or subcontractors in Designated Record Sets available to CE for inspection and copying within ten (10) days of a request by CE to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR Section 164.524. [45 CFR § 164.504(e)(2)(ii)(E)]

(g) Amendment of PHI. Within ten (10) days of receipt of a request from CE for an amendment of PHI or a record about an individual contained in a Designated Record Set, Associate or its agents or subcontractors shall make such PHI available to CE for amendment and incorporate any such amendment to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR Section 164.526. If any individual requests an amendment of PHI directly from Associate or its agents or subcontractors, Associate must notify CE in writing within five (5) days of the request. Any denial of amendment of PHI maintained by Associate or its agents or subcontractors shall be the responsibility of CE. [45 CFR § 164.504(e)(2)(ii)(F)]

(h) Accounting Rights. Within ten (10) days of notice by CE of a request for an accounting of disclosures of PHI, Associate and its agents or subcontractors shall make available to CE the information required to provide an accounting of disclosures to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR Section 164.528. As set forth in, and as limited by, 45 CFR Section 164.528, Associate shall not provide an accounting to CE of disclosures:

1) to carry out treatment, payment or health care operations, as set forth in 45 CFR Section 164.506;

2) to individuals of PHI about them as set forth in 45 CFR 164.502;

3) incident to a use or disclosure otherwise permitted or required by Subpart C of 45 CFR § 164, as provided in 45 CFR 164.502;

4) pursuant to an authorization as provided in 45 CFR 164.508;

5) to persons involved in the individual's care or other notification purposes as set forth in 45 CFR Section 164.510;

6) for national security or intelligence purposes as set forth in 45 CFR Section 164.512(k)(2);

7) to correctional institutions or law enforcement officials as set forth in 45 CFR Section 164.512(k)(5); or

8) as part of a limited data set in accordance with 45 CFR 164.514(e).

(i) Associate agrees to implement a process that allows for an accounting to be collected and maintained by Associate and its agents or subcontractors for at least six (6) years prior to the request, but not before the compliance date of the Privacy Rule. At a minimum, such information shall include: (i) the date of disclosure; (ii) the name of the entity or person who received PHI and, if known, the address of the entity or person; (iii) a brief description of PHI disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. In the event that the request for an accounting is delivered directly to Associate or its agents or subcontractors, Associate shall within five (5) days of a request forward it to CE in writing. It shall be CE's responsibility to prepare and deliver any such accounting requested. Associate shall not disclose any PHI except as set forth in Sections 2(b) of this Agreement. [45 CFR §§ 164.504(e)(2)(ii)(G) and 165.528]

(j) Governmental Access to Records. Associate shall make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary of the U.S. Department of Health and Human Services (the "**Secretary**") for purposes of determining CE's compliance with the Privacy Rule. [45 CFR § 164.504(e)(2)(ii)(I)] Associate shall provide to CE a copy of any PHI that Associate provides to the Secretary concurrently with providing such PHI to the Secretary.

(k) CE's Obligations. To the extent Associate is to carry out one or more of CE's obligation(s) under Subpart E of 45 CFR Part 164, Associate shall comply with the requirements of Subpart E that apply to the covered entity in the performance of such obligations. [45 CFR § 164.504(e)(2)(ii)(H)]

(l) Data Ownership. Associate acknowledges that Associate has no ownership rights with respect to the PHI.

(m) Notification of Breach. During the term of this Agreement, Associate shall notify CE in writing within twenty-four (24) hours of any suspected or actual breach of security, intrusion or unauthorized use or disclosure of PHI and/or any actual or suspected use or disclosure of data in violation of this Agreement or any applicable federal or state laws or regulations. Associate shall:

1) take prompt corrective action to cure any such deficiencies; and

2) mitigate, to the extent practicable, any harmful effect that is known to Associate as a result of any suspected or actual breach, unauthorized use or disclosure of PHI or data.

(n) Audits, Inspection and Enforcement. Within ten (10) days of a written request by CE, Associate and its agents or subcontractors shall allow CE to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of PHI pursuant to this Agreement for the purpose of determining whether Associate has complied with this Agreement; provided, however, that

1) Associate and CE shall mutually agree in advance upon the scope, timing and location of such an inspection, and

2) CE shall protect the confidentiality of all confidential and proprietary information of Associate to which CE has access during the course of such inspection.

3. **Obligations of CE**.

3.1 Safeguards. CE shall be responsible for using appropriate safeguards to maintain and ensure the confidentiality, privacy and security of PHI transmitted to Associate pursuant to this Agreement, in accordance with the standards and requirements of the Privacy Rule, until such PHI is received by Associate, and in accordance with any specifications set forth in the Franchise Agreement.

3.2 Restrictions on Use. CE shall notify Associate, in writing, of an individual's request to restrict the use or disclosure of such individual's PHI, any limitations in CE's Privacy Notice, or any revocation by an individual of authorization to use or disclose PHI if such request, limitation or revocation would affect Associate's compliance with this Agreement.

4. **Term.**

4.1 Term. The Term of this Agreement shall be effective as of the Effective Date as defined in the Franchise Agreement, and this Agreement shall terminate on the termination date of the Franchise Agreement or on the date CE terminates for cause as authorized in this Agreement.

5. **Termination**.

5.1 Material Breach. A breach by Associate of any material provision of this Agreement, as determined by CE, shall constitute a material breach of this Agreement and shall provide grounds for immediate termination of this Agreement by CE. [45 CFR § 164.504(e)(2)(iii)]

5.2 Reasonable Steps to Cure Breach. If CE knows of a pattern of activity or practice of Associate that constitutes a material breach or violation of the Associate's obligations under the provisions of this Agreement or another arrangement and does not terminate this Agreement pursuant to Section 5.1, then CE shall take reasonable steps to cure such breach or end such violation, as applicable. If CE's efforts to cure such breach or end such violation are unsuccessful, CE shall either (i) terminate this Agreement, if feasible or (ii) if termination of this Agreement is not feasible, CE shall report Associate's breach or violation to the Secretary of the Department of Health and Human Services. [45 CFR § 164.504(e)(1)(ii)]

5.3 Judicial or Administrative Proceedings. Either party may terminate this Agreement, effective immediately, if (i) the other party is named as a defendant in a criminal proceeding for a violation of HIPAA, the HIPAA Regulations or other security or privacy laws or (ii) a finding or stipulation that the other party has violated any standard or requirement of HIPAA, the HIPAA Regulations or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.

5.4 Effect of Termination. Upon termination of this Agreement for any reason, Associate shall return or destroy all PHI that Associate or its agents or subcontractors still maintain in any form, and shall retain no copies of such PHI. If return or destruction is not feasible, Associate shall continue to extend the protections of this Agreement to such information, and limit further use of such PHI to those purposes that make return or destruction of such PHI infeasible. [45 CFR § 164.504(e)(2)(ii)(J)] If Associate elects to destroy the PHI, Associate shall certify in writing to CE that such PHI has been destroyed.

6. **Indemnification**. Each party (the "**Indemnifying Party**") shall indemnify and hold the other party and its officers, directors, employees and agents (each an "**Indemnified Party**") harmless from and against any claim, cause of action, liability, damage, cost or expense ("**Liabilities**") to which the Indemnified Party becomes subject to as a result of third party claims (including reasonable attorneys' fees and court or proceeding costs) brought against the Indemnified Party, and any costs or expenses (including reasonable attorneys' and consulting fees) and penalties incurred by Indemnified Party in connection with any governmental investigation, audit, breach notification and remediation required by federal, state or local law, which arise as a result of: (i) the material breach of this Agreement by the Indemnifying Party or its subcontractors; or (ii) the gross negligence or willful misconduct of the Indemnifying Party, except to the extent such Liabilities were caused by the Indemnified Party. A party entitled to indemnification under this Section shall give prompt written notification to the Indemnifying Party of the commencement of any action, suit or proceeding relating to a third-party claim or governmental investigation or audit for which Indemnification is sought, subject to applicable confidentiality constraints.

7. **Disclaimer**. CE makes no warranty or representation that compliance by Associate with this Agreement, HIPAA or the HIPAA Regulations will be adequate or satisfactory for Associate's own purposes. Associate is solely responsible for all decisions made by Associate regarding the safeguarding of PHI.

8. **Certification**. To the extent that CE determines that such examination is necessary to comply with CE's legal obligations pursuant to HIPAA relating to certification of its security practices, CE or its authorized agents or contractors, may, at CE's expense, examine Associate's facilities, systems, procedures and records as may be necessary for such agents or contractors to certify to CE the extent to which Associate's security safeguards comply with HIPAA, the HIPAA Regulations or this Agreement.

9. **Amendment to Comply with Law**. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that, regardless of the terms of this Agreement, throughout the Term of this Agreement, each party shall continue to abide by all applicable laws, rules, and regulations.

10. **Assistance in Litigation or Administrative Proceedings**. Associate shall make itself, and any subcontractors, employees or agents assisting Associate in the performance of its obligations under this Agreement, available to CE, at CE's sole cost and expense, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees based upon a claimed violation of HIPAA, the Privacy Rule or other laws relating to security and privacy, except where Associate or its subcontractor, employee or agent is a named adverse party.

11. **No Third Party Beneficiaries**. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than CE, Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

12. **Effect on Franchise Agreement**. Except as specifically required to implement the purposes of this Agreement, or to the extent inconsistent with this Agreement, all other terms of the Franchise Agreement shall remain in force and effect.

13. **Interpretation**. The provisions of this Agreement shall prevail over any provisions in the Franchise Agreement that may conflict or appear inconsistent with any provision in this Agreement. This Agreement and the Franchise Agreement shall be interpreted as broadly as necessary to implement and comply with HIPAA and the Privacy Rule. The parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with HIPAA and the Privacy Rule.

14. **Survival**. The obligations of Associate under Sections 2(h), 5, and 6 shall survive the termination or earlier expiration of this Agreement.

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

COVERED ENTITY	**BUSINESS ASSOCIATE: COMFORT DENTAL GROUP, INC.**
By: ______________________	By: ______________________
Print Name: ______________________	Print Name: ______________________
Title ______________________	Title: ______________________
Date: ______________________	Date: ______________________
	BUSINESS ASSOCIATE: BUDGET DENTAL LAB, LLC
	By: ______________________
	Print Name: ______________________
	Title: ______________________
	Date: ______________________

EXHIBIT XI
TO FRANCHISE AGREEMENT

TRANSFER AMENDMENT TO
COMFORT DENTAL FRANCHISE AGREEMENT
(LESS THAN A CONTROLLING INTEREST)

Comfort Dental Group, Inc. (“**Franchisor**”) and _________________________, a professional _______________, (“**Buyer**”) and ____________________________(“**Franchisee**”) are signing a Franchise Agreement (“**Agreement**”) contemporaneously herewith and desire to supplement and amend certain terms and conditions of such Agreement by this Transfer Amendment to Comfort Dental Franchise Agreement (“**Amendment**”). Initial capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Agreement.

WHEREAS, Franchisee operates a COMFORT DENTAL Dental Office located at ________________ (“**Dental Office**”) under the terms of that certain franchise agreement dated _____________, 20__ (“**Franchise Agreement**”);

WHEREAS, [EITHER: _______________ (“**Seller**”) OR Franchisee] wishes to transfer ____% of the outstanding interests/shares of Franchisee which represents 50% or less of the total outstanding interests or shares in the Franchisee entity (the “**Interest**”) to Buyer;

WHEREAS, pursuant to the terms of the Franchise Agreement, the consent of the Franchisor is a precondition to the transfer of the Interest; and

WHEREAS, the parties wish to set forth the terms and conditions under which the Franchisor will consent to the transfer of the Interest from [Seller OR Franchisee] to Buyer.

The parties therefore agree as follows:

1. **Transfer**. Buyer is purchasing the Interest from [Seller OR Franchisee] in accordance with the terms and conditions of ________________ (“**Purchase Agreement**”) dated _________, 20__, subject to fulfillment of any conditions precedent to the transfer of the Interest as may be set forth therein and in the Franchise Agreement.

2. **Conditional Consent**. Franchisor will consent to the transfer to Buyer of the Interest as provided for in the Franchise Agreement, provided, however, Franchisor’s consent is expressly contingent upon compliance with the terms and conditions set forth in the Franchise Agreement and in this Amendment.

3. **Transfer Fee**. Buyer or Franchisee will pay a Transfer Fee in an amount equal to 10% of the total value of the consideration received by Franchisee or Seller, as applicable, including any proceeds received as part of a Consulting Agreement.

4. **Amended Agreement**. The parties will sign the Franchisor’s current form of franchise agreement (defined above as the “Agreement”) which will replace the existing Franchise Agreement in its entirety. However, any Promissory Note and Consulting Agreement signed by the Franchisee as part of its purchase of the franchise, any Buy-Sell Agreement previously executed by the Franchisee and its Owners, and any sublease for the Dental Office, will continue in full force and effect. The Agreement will be amended as follows:

(a) Term. The term of this Agreement, either the initial term or the renewal term, shall end on _____________.

(b) Initial Franchise Fee. Section 6.1 is deleted in its entirety.

(c) Royalty Fees. The amount of the Royalty Fees as set forth in Section 6.3 of the Agreement will $__________ per month.

(d) Training. Pursuant to Section 5.7 of the Agreement, Buyer will complete any training programs required by the Franchisor.

5. **Release by Franchisee**. Franchisee for itself, its successors, assigns, agents, representatives, employees, officers and directors, hereby fully and forever unconditionally releases and discharges Franchisor and its affiliated entities, and their respective successors, assigns, agents, representatives, employees, officers and directors (collectively referred to as "**Franchisor's Affiliates**") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever, in law or in equity, whether known or unknown to it, which it may now have against Franchisor or Franchisor's Affiliates, or which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or Franchisor's Affiliates, however characterized or described, which relates in any way to the Franchise Agreement dated _______________, 20__, between Franchisee and Franchisor or the former franchise relationship, from the beginning of time until the date of this Amendment.

6. **Inconsistent Terms**. The terms and conditions of this Amendment are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

Fully executed this _____ day of __________________, 20___.

COMFORT DENTAL GROUP, INC.

By: ____
Its: ____

FRANCHISEE: ________________________________

By: ____
Its: ____

BUYER: _____________________________________

By: ____
Its: ____

<u>EXHIBIT C</u>
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISEES – DENTAL OFFICES
As of December 31, 2023

NAME	ADDRESS	TELEPHONE NO.
Arizona		
East Mesa Dr. Mike Stoor Dr. Darren Rennaker	407 N. Lindsay Mesa, AZ 85213	480-218-9720
West Mesa Dr. Justin Van Dusen Dr. Tad Olsen Dr. Jacob Moorhead	1130 S. Country Club Dr., Ste. 101 Mesa, AZ 85210	480-461-9866
Tempe Dr. Justin Van Dusen Dr. Tad Olsen Dr. Martin Romero	1700 E. Elliot Rd., Ste. 7 Tempe, AZ 85284	480-674-6060
Colorado		
80th and Sheridan Dr. Connie Cubillos Dr. Ian Ferguson Dr. James Mayo	7990 Sheridan Blvd. Westminster, CO 80030	303-650-4101
92nd and Wadsworth Dr. William McGlashan Dr. Nevin Sebastian	7743 W. 92nd Ave. Westminster, CO 80021	720-310-3340
Arvada Dr. Neil Zimmet Dr. James Mayo Dr. Shital Tayde Dr. Al Bueltel	14575 A-C W. 64th Ave. Arvada, CO 80004	303-421-7000

NAME	ADDRESS	TELEPHONE NO.
Aurora Dr. Blake Harber Dr. Daegan Orr Dr. Douglas Price	1050 S. Peoria Aurora, CO 80012	303-367-2273
Austin Bluffs Dr. Seth Williams Dr. Robert Hale Dr. Daniel Kingsford Dr. Scott Hirsbrunner	3952A N. Academy Colorado Springs, CO 80917	719-591-1811
Bear Creek Dr. Jojie Kidd Dr. Eloisa Lovato Dr. Wayne Peterson	3200 S. Wadsworth Lakewood, CO 80232	716-8546
Belleview and Simms Dr. Katrina Rojohn Dr. Tam Than Dr. Dominic Philpott	11625 W. Belleview Ave. Littleton, CO 80127	303-972 8700
Boulder Dr. Coleman Eich Dr. Todd Hamilton Dr. Dave Yeats	3400 Arapahoe Rd. Boulder, CO 80303	303-444-2129
Brighton Dr. Daniel Anderson Dr. Stephen Adam Dr. Dustin Craven	315 East Bromley Ln. Brighton, CO 80601	303-659-1125
Centennial Dr. Derrick Price Dr. Murray Jacobs Dr. Michael Lindsay Dr. Isaac Alldredge	9990 W. 26th Ave. Lakewood, CO 80215	303-689-2273

NAME	ADDRESS	TELEPHONE NO.
Cherry Creek Dr. Braden Robbins Dr. Mark Jolstad Dr. Daniel Galvez Dr. Ellie Liu	201 University Blvd. #101 Denver, CO 80206	303-321-2233
Citadel Dr. Grant Mack Dr. Kimball Snyder Dr. Ryan Pini Dr. Brian Anderson Dr. Corey Carroll	509 N. Academy Colorado Springs, CO 80909	719-591-7599
Coal Mine Dr. David Simmons Dr. Tyler Simmering Dr. Adam McVeigh Dr. Brad Weekes	8420 W. Coal Mine Ave. Littleton, CO 80123	303-904-2273
Colfax and Havana Dr. Olga Granados Dr. Matthew Lewis Dr. Jeff Crane	10401 E. Colfax Ave., Ste. 150 Aurora, CO 80010	303-344-2273
Colorado and Yale Dr. Jacqueline Blasko Dr. Matt Carlston Dr. Jason Palmer	2725 S. Colorado Blvd., Ste. 150 Denver, CO 80222	303-783-0100
Commerce City Dr. Cory Halterman Dr. Ramsey Warner Dr. Lindsay Hoop	7201 N. Monaco St. Commerce City, CO 80022	303-287-2755
Conifer Dr. Teniel Seifert Dr. Grace Jeong	25597 Conifer Rd., Ste. 100 Conifer, CO. 80433	303-838-2811

NAME	ADDRESS	TELEPHONE NO.
Denver Dr. Lyda Martinez Dr. Rob Jefferies Dr. Bob Unrath Dr. Mario Martinez Dr. Evan Gaubatz	4901 W. 38th Ave. Denver, CO 80212	303-455-2273
Downtown Dr. James Liu Dr. JaShon Hughes	1512 Larimer Street, Unit 10R Denver, CO 80202	303-872-4685
Durango Dr. Todd Crandall Dr. Kyle Cordner Dr. Jarom Decker	1125 S. Camino Del Rio, Ste. 300C Durango, CO 81303	970-259-4324
East Aurora Dr. Jeff Varner Dr. Clint Rivard Dr. Richard Heideman Dr. Eric Mack	2131 S. Chambers Road Aurora, CO 80014	303-750-2273
East Colfax Dr. Nataliya Ignatieff	5200 E. Colfax Avenue Denver, CO 80220	303-377-3876
Englewood Dr. Amy Hazen Dr. Talia Kroner Dr. Joshua Weinstein	2780 S. Broadway Englewood, CO 80110	303-783-0100
Evergreen Dr. Gina Marie Searle Dr. Snahel Prajapati	1232 Bergen Pkwy. Evergreen, CO 80439	303-674-6070
Falcon Dr. Ben Bullen Dr. Jonathan Harvey Dr. Joel Stafford	11605 Meridian Market View Peyton, CO 80831	719-495-8989

NAME	ADDRESS	TELEPHONE NO.
Firestone Dr. John Adams Dr. Wyatt Sessions Dr. Ryan Wilkinson	4415 City Centre Rd., Ste. 400 Firestone, CO 80504	303-651-6347
Federal and Jewell Dr. Jason Hoop Dr. Steven Tran Dr. Kelley Barnard Dr. Benjamin Butler Dr. Eric Boucher	1895 S. Federal Blvd. Denver, CO 80219	720-736-8470
Ft. Collins Dr. Jason Gleave Dr. Doug Haschke Dr. Jamie Fillmore Dr. John Fillmore	934 S. Lemay Ft. Collins, CO 80525	970-498-8300
Glenwood Springs Dr. Michael Shea Dr. Michael Johnson Dr. Tom Sorensen Dr. Ben Thornal Dr. Ryan Klumb Dr. Forrest Edhgard	1512 Grand Ave., Ste. 102 Glenwood Springs, CO 81601	970-947-1243
Golden Dr. Caitlyn Steinwachs Dr. Rachael Yancey Dr. Heath College Dr. Preya Patel	17531 S. Golden Rd. Golden, CO 80401	303-278-6953
Grand Junction Dr. James Bradley Dr. Tyson Black Dr. Scott Stoddard Dr. Nicolas Gandola	2650 North Ave. Ste. 101-102 Grand Junction, CO 81501	970-255-1222

NAME	ADDRESS	TELEPHONE NO.
Grand Junction West Dr. Jason Noah Dr. Josh Hollingshead Dr. Jared Chisholm	2502 Highway 6 and 50, #700 Grand Junction, CO 81505	970-241-2080
Greeley Dr. Vlad Virun Dr. Andrey Kondratenko Dr. Eric Sutherland	3766 W. 10th St. Greeley, CO 80634	970-304-1273
Greeley-University Square Dr. Jarum Boyer Dr. Mike Mierzejewski Dr. John Bethers	2716 11th Ave. Greeley, CO 80631	970-673-4310
Green Mountain Dr. Luke Andrews Dr. Bennett Mortenson Dr. Maharshi Desai Dr. Jeffrey Seligman	12810 W. Alameda Pkwy., Ste. A Lakewood, CO 80228	303-987-2273
Green Valley Ranch Dr. Dallas Brimhall Dr. Matt Rowan Dr. Brian Severance	18620 GVR Blvd, Ste. 103 Denver, CO 80249	303-371-8247
Harmony Road Dr. Jolly Johnson Dr. Nate Johnson Dr. Jason Crozier	2132 E. Harmony Rd. Ft. Collins, CO 80528	970-287-3701
Highlands Ranch Dr. Nina Gomenyuk Dr. Marietta Cuiffo-Moradi Dr. Dave McReynolds	129 W. County Line Rd. Littleton, CO 80123	303-738-9499

NAME	ADDRESS	TELEPHONE NO.
Hunters Glen Dr. Brian Hirsbrunner Dr. Zac Yoder Dr. Robert Berry	13691 Colorado Blvd. Thornton, CO 80602	303-920-2273
Interquest Dr. Chris Hasselback Dr. Ralph Downey Dr. Noland Sanders	1258 Interquest Pkwy. Colorado Springs, CO 80920	719-484-0043
Lafayette Dr. Michael Vetowich Dr. Jack Moss	535 S. Boulder Rd., Ste. 200 Lafayette, CO 80026	303-604-2804
Lakewood Dr. Jason Hoop Dr. Kelley Barnard Dr. Steven Tran Dr. Benjamin Butler Dr. Eric Boucher	6800 W. Alameda Ave. Lakewood, CO 80226	303-727-9100
Littleton Dr. Jeff Spiegel Dr. Richard Birkel Dr. Brent Mowery	209 W. Littleton Blvd. Littleton CO, 80120	303-734-2273
Longmont Dr. Bradley Cox Dr. Stephen Sidwell Dr. Aaron Mortensen	1750 Mountain View Longmont, CO 80501	303-678-7783
Louisville Dr. Jeremy Williams Dr. Ryan Leary Dr. Kathleen Freund	339 McCaslen Blvd. Unit B Louisville, CO 80027	303-673-0500

NAME	ADDRESS	TELEPHONE NO.
Mile High Dr. Jim Parfitt Dr. David Kim Dr. Michael McGregor	881 Federal Blvd. Denver, CO 80204	303-825-0013
Montrose Dr. Ryan Mangrum Dr. Samuel Olson Dr. Alex Kaiser	1803 S. Townsend Ave. Montrose, CO 81410	970-255-1222
North Academy Dr. Natalie Jones Dr. Robert Wyeth Dr. Desmond Zoller	1634 York Rd. Colorado Springs, CO 80918	719-522-0800
North Boulder Dr. Elizabeth Backus Dr. Jason Pruett	4550 Broadway, Unit C-3E Boulder, CO 80304	303-848-2906
Northglenn Dr. Rachel O'Connor Dr. Tom Strauss Dr. Dominic Evan Philpott	10780 N. Washington Ave. Northglenn, CO 80239	303-452-6630
North Loveland Dr. Gregory Winslow Dr. Gordon Luong Dr. Nick Bishop	274 W. 64th St. Loveland, CO 80525	970-667-0446
North Powers Dr. Dustin Dial Dr. Travis Boyer Dr. Jamison Miller Dr. Christian Lovejoy Dr. Michael Rhees	6078 Stetson Hills Blvd. Colorado Springs, CO 80922	719-637-2079

NAME	ADDRESS	TELEPHONE NO.
Parker Road Dr. Mike Millward Dr. Marina Loustalet Dr. Lorraine Loustalet	15250 E. Orchard Rd. Aurora, CO 80016	303-680-9990
Pueblo Dr. Philip Holden Dr. John Liddiard Dr. Jeremy Liddiard Dr. Jaron Traveller	2025 US Highway 50 #130 Pueblo, CO 81008	719-542-2472
Pueblo South Dr. Russell Bullen Dr. Paul Rose Dr. Matthew Chapman Dr. Sean Chapman	1221 S. Pueblo Blvd. Pueblo, CO 81005	719-565-2274
Quincy and Buckley Dr. Jashon Hughes Dr. James Liu Dr. Michael Jacobs Dr. Quinn Montgomery Dr. Andrei Baskakov	16981 E. Quincy, D1 – D3 Aurora, CO 80015	303-617-8400
Ralston Creek Dr. Marina Varshavskaya Dr. Alissa Ferguson Dr. Scott Tidwell	9515 Ralston Rd., Ste. 400 Arvada, CO 80002	303-425-6419
Security Dr. Michael Saxton Dr. Jess Adams Dr. Josh Christensen Dr. Marc Isaac	332 Main Street Colorado Springs, CO 80911	720-907-0683
Smoky Hill Dr. Michael Jacobs Dr. Todd Light Dr. Quinn Montgomery	24500 E. Smoky Hill Rd., Units B & C Aurora CO 80016	303-945-3364

NAME	ADDRESS	TELEPHONE NO.
South College Dr. Marisela Arritola Dr. Brandon Bohn Dr. Jeffrey Clayton	4032 S. College Ave. Ft. Collins, CO 80525	970-225-2273
South Havana Dr. Snajel Prajapati Dr. Jon Hanchett Dr. Patrick Kenney	1999-A South Havana Aurora, CO 80094	303-339-8181
South Powers Dr. Ben Weir Dr. Brandon Johnson Dr. Nate Budge Dr. Joseph Hale Dr. Spencer Campbell	1580 Space Center Dr. Colorado Springs, CO 80907	719-574-8922
Stroh Ranch Dr. Scott Henderson Dr. Ron Freimuth Dr. John Owen Dr. Jeff Hamilton	12870 Stroh Ranch Ct. Parker, CO 80134	303-840-6543
Summit County Dr. John Rollow Dr. Katrina Rojohn Dr. Tam Than Dr. Sean VanTuyl	354 Blue River Pkwy. Silverthorne, CO 80498	970-262-2273
Thompson Valley Dr. John Fillmore Dr. Caleb Price Dr. Tom Orrock	405 10th St. SW Loveland, CO 80537	970-962-9995
Thornton Dr. Susan Bromell Dr. Ana Cadotte Dr. Jazmin Cuin-Parker Dr. Leeanne Harden	9205 Huron Thornton, CO 80260	303-429-2273

NAME	ADDRESS	TELEPHONE NO.
Tower Road Dr. Nathan Barton Dr. Cody Cirac Dr. Robert McDonald Dr. John Yarovoy	18680 E. Iliff Ave. Ste. A & B Aurora, CO 80013	303-751-5010
Vail Valley Dr. Owen Eames Dr. Ramsey Warner	0101 Fawcett Rd., Unit 170 Avon, CO 81620	970-949-1593
Westminster Dr. Helen Stella Dr. Cory Higginbotham Dr. Sophie Magaril Dr. Hiba Kellow	9462 N. Federal Blvd. Westminster, CO 80221	303-427-2722
Westminster North Dr. Kevin Lin Dr. Stephen Adam Dr. Jongwon Yoon	11187 Sheridan Blvd. #12 Westminster, CO 80020	303-469-2333
West Springs Dr. Michael Snyder Dr. Ralph Downey Dr. Robert Thueson	806 W Colorado Ave. Colorado Springs, CO 80905	719-500-4080
Wheat Ridge Dr. Harry Werner Dr. Lew Sherman Dr. Sara Sybrant Dr. Wayne Peterson Dr. Lorraine Loustalet	9990 W. 26th Ave. Lakewood, CO 80215	303-232-4500
Windsor Dr. Jacob Adkins Dr. Ryan Jones Dr. Jarom Paice	700 Main St., Ste. B Windsor, CO 80550	970-373-5730

NAME	ADDRESS	TELEPHONE NO.
Oral Surgery Colorado Springs Dr. Chris Capua Dr. Jinseup Lin	3810 Village Seven Rd., Suite 100 Colorado Springs, CO 80917	719-298-4990
Oral Surgery North Dr. Trevor Johnson Dr. David Whiting Dr. Bridger Jensen	8700 W. 101st Avenue Westminster, CO 80021	303-865-7550
KANSAS		
Overland Park Dr. Daniel Tokar Dr. Andrew Watkins	8700 Santa Fe Dr. Overland Park, KS 66212	913-416-4660
Roeland Park Dr. Trevor Clemons Dr. Vincent Chen Dr. Chidiogo Obi	5201 Roe Blvd. Roeland Park, KS 66205	913-828-0060
State Avenue Dr. Matt Tingey Dr. Brandt Howard Dr. Antjuan Hampton	7933 State Ave. Kansas City, KS 66112	913-213-6973
MISSOURI		
Blue Springs Dr. Cristophe Alexander	620 US 40 Highway Blue Springs, MO 64014	816-988-3400
Gladstone Dr. Cory Jenson Dr. Chris Young Dr. Vincent Chen	5106 NE Antioch Rd. Kansas City, MO 64119	816-298-8585
Grandview Dr. Joe Pitluck Dr. Dwight Johnson Dr. Marcus Ramos-Pearson	12200 15th Street, Ste 106 Grandview, MO 64030	816-398-8046

NAME	ADDRESS	TELEPHONE NO.
Lee's Summit Dr. Jeimy Diaz-Abreu Dr. Bob Morrissey	1153 N.E. Rice Road Lee's Summit, MO 64086	816-477-7070
North Independence Dr. Antjuan Hampton	1134 S. Noland Rd. Independence, MO 64050	816-357-5140
Midtown Dr. Daniel Nguyen Dr. Jennifer Osei-Fosu	3215 Main Street, Suite A Kansas City, MO 64111	816-643-3400
Raytown Dr. Dwight Johnson Dr. Pokam Ngomsi	8686 East 63rd Stt. Kansas City, Missouri 64133	816-837-4010
South Independence Dr. Michael Lee Dr. Jessica Ellis	12400 E. US Highway 40 Independence, MO 64055	816-897-5850
MONTANA		
Kalispell Dr. Patrick Hudson Dr. Michael Blandon Dr. Zackary Bergeson	2165 Highway 2 East, Ste. D. Kalispell, MT 59901	406-890-7040
NEW MEXICO		
Alameda Dr. Eric Pacheco Dr. Allan Staker	1125 Alameda Blvd. NW Albuquerque, NM 87115	505-933-6873
Brentwood Hills Dr. Aaron Johnson Dr. Neal Baugh Dr. Matt Stewart	2010 Juan Tabo Blvd. NE Albuquerque, NM 87111	505-237-2273

NAME	ADDRESS	TELEPHONE NO.
Central Dr. Chris Ehat Dr. Wade Hinrichs Dr. Andrew Farr	13031 Central Blvd. NE Albuquerque, NM 87123	505-332-2273
Coronado Dr. Mike Millburn Dr. Chaz Gibbons Dr. Jeremy Dockstader Dr. Nathan Horton	5820 Menaul Coronado Blvd. NE Albuquerque, NM 87110	505-872-2772
Cottonwood Dr. Skylar Lighthall Dr. Chris Christensen Dr. Bo Bogopane	9401 Coors Blvd. NW Albuquerque, NM 87114	505-890-2773
East Paseo Del Norte Dr. Andrew McFarland Dr. Vasu Shah Dr. Korey Still Dr. Gabe Maestas	7900 San Pedro Dr, NE Ste C-5 Albuquerque NM 87109	505-933-6871
Lomas Dr. Elizabeth Wilson Dr. Sean Morgan	4701 Lomas Blvd. NE Albuquerque, NM 87110	505-232-2273
North Valley Dr. Doug Chisholm Dr. Matthew Thomas Dr. Mark Clayton	5308 4th St. NW. Albuquerque, NM 87107	505-341-2273
Rio Bravo Dr. Cody McGarry Dr. Lance Clark Dr. Janice Salazar Dr. Jared Galvin	1698 Rio Bravo SW Albuquerque, NM 87105	505-247-2717

NAME	ADDRESS	TELEPHONE NO.
Rio Rancho Dr. S. Michael Vaughn Dr. John Leinweber Dr. Brandon Clayton Dr. Jennifer Gee	2003 Southern Blvd Stes 133 & 134 Rio Rancho, NM 87214	505-221-5470
Santa Fe Dr. Brandon Keyser Dr. Chad Davis Dr. Ben Sirrine	3811 Cerrillos Rd North Unit Santa Fe NM 87046	505-933-6872
OHIO		
Bellefontaine Dr. Paige Suvag	2303 S Main St. Bellefontaine, OH 43311	937-595-0800
Circleville Dr. John Dubois Dr. Steve Sliter	915 S Court St. Circleville, OH 43113	740-334-4116
Delaware Dr. Mark Halversen Dr. Brad Beckman Dr. Bikram Malhi Dr. Dale Riggs	1179 Columbus Pike Delaware, OH 43017	740-362-2202
Gahanna Dr. Joe Bell Dr. Janek Patel Dr. Sasha Eby	4693 Morse Rd. Gahanna, OH 43230	614-471-7800
Grove City Dr. Geoff Dibert Dr. Bikram Malhi Dr. Andrew Hurt	2196 Stringtown Rd Grove City, OH 43123	614-875-1100

NAME	ADDRESS	TELEPHONE NO.
Heath Dr. Taylor Miller Dr. Jason Balingcongan Dr. Kishan Patel Dr. Anthony Falcone	613 Hebron Rd. Heath, OH 43056	740-788-8084
Hilliard Dr. Jonathan Bowman Dr. Jacob Scott	3676 Main St. Hilliard, OH 43026	614-453-2806
Lakewood Dr. David Wise Dr. Kristine Byrum Dr. Nicklaus Altomare	17500 Madison Ave. Lakewood, OH 44107	216-302-2401
Lancaster Dr. Samir Merchant Dr. Collin Emerick Dr. Brandon Canfield Dr. Jacob Arvia Dr. Inah Lagason	1601 N. Memorial Dr. Lancaster, OH 43430	740-521-4142
Marion Dr. Bill Henderson Dr. David Wise Dr. Abbey Wise	1598 Mt. Gilead Marion, OH 43302	740-386-6600
Mt. Vernon Dr. Carlesha Chambers Dr. Brent August	1558 Coshocton Rd., Ste. 1C Mt. Vernon, OH 43050	740-200-5318

NAME	ADDRESS	TELEPHONE NO.
North Columbus Dr. Karina Hayek Dr. Alicia Van Drunen Dr. Catherine Horwood	2610 E Dublin-Granville Rd. Columbus, OH 43231	614-794-7480
Sawmill Dr Chaz Green Dr. Jeff Munn Dr. Jason Balingcongan	6301 Sawmill Rd. Dublin, OH 43016	614-764-0400
Springfield Dr. Steve Stackhouse Dr. Serhan Suvag Dr. Anup Dadhania	1270 Upper Valley Pike Springfield, OH 45504	937-525-0500
West Broad Dr. Adel Hasan	4089 W Broad St. Columbus, OH 43228	614-954-0700
Whitehall Dr. Josh Yee Dr. Brian Fife Dr. Jon Winnyk Dr. Chaz Green Dr. David Wise Dr. Abbey Wise Dr. Tayor Miller	4545 E. Main St. Whitehall, OH 43213	614-231-1600
Xenia Dr. Haella Holmes Dr. Eben NcGregor	44 Xenia Town Sq. Xenia, OH 45385	937-410-0451
OKLAHOMA		
North May Dr. Christina Kim Dr. Amanda Wendelken Dr. David Gray	5920 N. May Ave. Oklahoma City, OK 73112	405-494-4961

NAME	ADDRESS	TELEPHONE NO.
Midwest City Dr. Roshan Kalra Dr. Bruce Tharp Dr. Steven Hilmi Dr. Anthony Miller	7100 SE 15th St. Midwest City, OK 73110	405-241-9960
Moore Dr. Tanner Prescott Dr. Kelli Presott Dr. Josh Mundell Dr. Britney Nguyen	1060 SW 4th St., Ste. 200 Moore, OK 73160	405-384-7071
Western Avenue Dr. Donovan Browning Dr. Brandon Thaler Dr. David Gallard Barajas	3725 S Western Ave. Oklahoma City, OK 73109	405-400-2670
TEXAS		
Babcock Dr. Yana Kuznetsova Dr. Peter Mailhot	6565 Babcock Rd., Ste. 1 San Antonio, TX 78249	210-904-2888
Converse Dr. Taylor Foulger Dr. Ryan Broderick Dr. Thad Tregeagle	9135 Schaefer Rd., Ste. 3 Converse, TX 78109	210-607-8232
Denton Dr. Kevin Stanworth Dr. Joey Dutson Dr. Landon Bell	612 W University Dr. Denton, TX 76201	940-484-1200

NAME	ADDRESS	TELEPHONE NO.
Frisco Dr. Alex McLeod Dr. Kenny Lim Dr. Brett Talbot	8745 Gary Burnes Dr., Ste. 154 Frisco, TX 75034	214-494-4441
Meadowbrook Dr. Jesse Rethlake Dr. John Stanley Dr. Carson Lackey	1109 Northwest Hwy. Garland, TX 75041	214-227-4863
Mesquite Dr. Alex Flores Dr. Jace Williamson	540 Clay Mathis Mesquite, TX 75181	972-222-5313
New Braunfels Dr. April Sousa	1187 W County Line Rd, Ste 108 New Braunfels, TX 78130	830-222-6220
Richardson Dr. Ryan Young Dr. Mark McCormick	516 W. Arapaho, Ste. 103 Richardson, TX 75081	972-231-5020
Rockwall Dr. Joshua Curtis Dr. Tom Wilson Dr. Dan Warchol Dr. Jason Carlston	515 East I-30 Rockwall, TX 75087	214-771-4603
Thousand Oaks Dr. Steve Heggie Dr. Justin Rich Dr. Leslie Do	3023 Thousand Oaks Dr., Ste. B1 San Antonio, TX 78247	210-497-6700
West Avenue Dr. Rob Allen Dr. Monique Garcia Dr. Marian Rosado	4812 West Ave Ste. 101 San Antonio, TX 78213	210-977-0321

NAME	ADDRESS	TELEPHONE NO.
WASHINGTON		
Bonney Lake Dr. David Chamberlain Dr. Aaron Brooks Dr. Andrew Smith	19657 Highway 410 E. Bonney Lake, WA 98391	253-780-7003
East Tacoma Dr. Danny Chiang	3820 Pacific Ave. Tacoma, WA 98418	253-472-3006
Fairwood Dr. Greg Maggass Dr. Reed Lederman	14250 SE 176th St. J7 Renton, WA 98058	425-523-1211
Federal Way Dr. Scott Young Dr. Gregory Chinn	31401 Pacific Hwy. S Federal Way, WA 98003	253-839-1007
Lacey Dr. Scott Probst Dr. Chris Walton	1110 Galaxy Dr., Stes. I and J Lacey, WA 98516	360-455-7299
Lake Meridian Dr. Travis Probst	12906 Kent Kangley Rd. Kent, WA 98030	253-631-3015
North Lakewood Dr. Jared Coudron Dr. Jerry May	5422 74th Street W, Ste. B & C Lakewood, WA 98499	253-475-9120
Port Orchard Dr. Matthew Rawley Dr. Jerry May	2472 Bethel Rd. Port Orchard, WA 98367	360-329-1613
Puyallup Dr. Patrick Cameron Dr. Chris Blacker Dr. Brandon Guariglia	16420 Meridian Ave. E, Ste. 104 Puyallup, WA 98375	253-445-6669

NAME	ADDRESS	TELEPHONE NO.
South Tacoma Dr. Brandon Turley Dr. Matthew Nuttal	223 140th St. S, Ste. 700 Tacoma, WA 98444	253-537-1559
Spokane Dr. Martin Bailey	6411 N. Division St. Spokane, WA 99208	509-465-1561
Vancouver Dr. Eric Wood Dr. Jack Warton	305 S. E. Chkalov Dr. Vancouver, WA 98683	360-254-3990

Following are franchisees who had signed a Franchise Agreement but whose business was not yet open as of December 31, 2023: None.

EXHIBIT D
(TO DISCLOSURE DOCUMENT)

LIST OF FRANCHISED DENTAL OFFICES THAT HAVE LEFT THE SYSTEM DURING FISCAL YEAR 2023

The following COMFORT DENTAL Offices have closed, transferred, terminated or otherwise left the system during fiscal year 2023. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

NAME	ADDRESS	TELEPHONE NO.
OHIO		
Hamilton Dr. Nick Strasser	44 Xenia Towne Sq Xenia,OH,45385	937-410-0451
WASHINGTON		
West Tacoma Dr. Craig Smith	2501 N. Pearl St. Tacoma, WA 98406	253-752-6349

EXHIBIT E
(TO DISCLOSURE DOCUMENT)

OPERATIONS MANUAL
TABLE OF CONTENTS

Operations Manual. The table of contents of the Operations Manual as of the end of the last fiscal year is provided below. The total number of pages in the Operations Manual is 39.

TOTAL NUMBER OF PAGES: 39

EXHIBIT F
(TO DISCLOSURE DOCUMENT)

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS OF
COMFORT DENTAL GROUP, INC.
FOR THE PERIOD ENDED JUNE 30, 2024

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

and

AUDITED FINANCIAL STATEMENTS OF
COMFORT DENTAL GROUP, INC.
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021

FINANCIAL STATEMENTS
OF
COMFORT DENTAL GROUP INC
For the Period Ended June 30, 2024

McMAHAN, KARBER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS, LLC

To the Board of Directors
Comfort Dental Group Inc.
Lakewood, CO 80215

Management is responsible for the accompanying financial statements of Comfort Dental Group Inc. (a C Corporation), which comprise the balance sheet as of June 30, 2024 and the related income statement and retained earnings for the four months then ended in accordance with accounting principles generally accepted in the United States of America.

We have performed the compilation engagement in accordance with Statement on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures and statements of cash flows ordinarily included in financial statements prepared in accordance with the accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the company's assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Comfort Dental Group Inc.

McMahan, Karber & Assoc CPA

McMahan, Karber & Associates CPA's
Colorado Springs, CO
July 19, 2024

701 SOUTH CASCADE AVENUE | COLORADO SPRINGS, CO 80903

719 471 2188 | f. 719 471 2189
OFFICE@CPAMACK.COM

COMFORT DENTAL GROUP INC
Balance Sheet
June 30, 2024

Assets

Current Assets				
CASH IN BANK	$	5,799.00		
ROYALTY RECEIVABLE		822,271.00		
COMMISSIONS RECEIVABLE		110,595.00		
RENTAL RECEIVABLE		107,969.00		
INTEREST RECEIVABLE		11,985.00		
Total Current Assets			$	1,058,619.00
Long Term Assets				
NOTES RECEIVABLE		2,504,160.00		
Total Long Term Assets				2,504,160.00
Total Assets			$	3,562,779.00

COMFORT DENTAL GROUP INC
Balance Sheet
June 30, 2024

Liabilities and Equity

Current Liabilities		
NOTES PAYABLE-STOCKHOLDER	$ 83,369.00	
MANAGEMENT FEE PAYABLE	1,052,820.00	
Total Current Liabilities		$ 1,136,189.00
Long Term Liabilities		
DEFERRED CONSULTING FEES	11,940,956.00	
RENTAL SECURITY DEPOSITS	9,707.00	
Total Long Term Liabilities		11,950,663.00
Equity		
COMMON STOCK	100.00	
RETAINED EARNINGS-BEGINNING	(9,483,142.00)	
ADDITIONAL PAID IN CAPITAL	9,990.00	
Current Income (Loss)	(51,021.00)	
Total Equity		(9,524,073.00)
Total Liabilities & Equity		$ 3,562,779.00

COMFORT DENTAL GROUP INC
Statement of Income
For the Period Ended June 30, 2024

		6 Months Ended Jun. 30, 2024
Revenue		
CONSULTING	$	454,547.00
COMMISSIONS		843,296.00
RENT		4,333,577.00
ROYALTY		4,652,314.00
FRANCHISE FEES		750,000.00
INTEREST INCOME		83,236.00
OTHER INCOME		1,550,930.00
Total Revenue		12,667,900.00
		12,667,900.00
Expenses		
CONSULTING FEES		7,931,009.00
RENT		4,343,352.00
SERVICE MARK LEASE		444,500.00
OTHER		60.00
Total Expenses		12,718,921.00
Operating Income		(51,021.00)
Net Income (Loss)	$	(51,021.00)

COMFORT DENTAL GROUP, INC.

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023, 2022, AND 2021

ERICKSON, BROWN & KLOSTER, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Erickson, Brown & Kloster, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Stockholders
of ***Comfort Dental Group, Inc.***

Qualified Opinion

We have audited the accompanying financial statements of ***Comfort Dental Group, Inc.*** (a Colorado corporation), which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statements of operations and accumulated deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of ***Comfort Dental Group, Inc.*** as of December 31, 2023, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in the Summary of Significant Accounting Policies in the financial statements, the Company recognizes commissions revenue on a modified cash basis and therefore, does not record any commissions notes receivable. In order to present the financial statements on an accrual basis in accordance with accounting principles generally accepted in the United States of America, commissions revenue should be recorded when earned.

Additionally, as more fully described in the Summary of Significant Accounting Policies in the financial statements, the Company recognizes its leases in accordance with Accounting Standards Codification (ASC) 840, *Leases*, which was superseded by ASC 842, *Leases*. ASC 842 was effective for the Company as of January 1, 2022. In order to present the financial statements in accordance with accounting principles generally accepted in the United States of America, a right-of-use asset and lease liability should be recorded for operating leases, and the required disclosures under ASC 842 should be included in the accompanying notes to the financial statements.

Management of the Company has not estimated the impact of recording commissions revenue on an accrual basis nor the impact of recording leases in accordance with ASC 842. Quantification of the effects on the financial statements of these departures from accounting principles generally accepted in the United States of America is not practicable.

Basis for Qualified Opinion – Continued

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ***Comfort Dental Group, Inc.*** 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ***Comfort Dental Group, Inc.'s*** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial 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.

Auditors' Responsibilities for the Audit of the Financial Statements – Continued

- 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 ***Comfort Dental Group, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about ***Comfort Dental Group, Inc.'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.

Erickson, Brown & Kloster, LLC

Colorado Springs, Colorado
April 22, 2024

COMFORT DENTAL GROUP, INC.
BALANCE SHEETS
DECEMBER 31, 2023, 2022, AND 2021

	2023	2022	2021
ASSETS			
Current Assets			
Cash	$ 320	$ 342	$ 431
Royalty Fees Receivable from Related Parties	31,976	29,954	30,662
Royalty Fees Receivable from Non-Related Parties	769,750	683,615	651,678
Commissions Receivable	244,304	125,453	94,615
Rental Fees Receivable	107,969	72,208	31,547
Interest Receivable	13,848	17,005	24,739
Notes Receivable - Current Portion	378,602	493,107	485,443
Total Current Assets	1,546,769	1,421,684	1,319,115
Long-Term Assets			
Notes Receivable, Net of Current Portion	2,636,605	5,277,500	4,948,219
Total Assets	$ 4,183,374	$ 6,699,184	$ 6,267,334
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current Liabilities			
Management Fees Payable to Related Party	$ 1,059,878	$ 856,027	$ 801,694
Rent Payable to Related Party	107,969	72,208	31,547
Deferred Revenue - Current Portion	1,437,582	1,441,082	1,401,754
Stockholder Advances	83,369	83,369	83,369
Total Current Liabilities	2,688,798	2,452,686	2,318,364
Long-Term Liabilities			
Other Liability	9,707	9,707	9,707
Deferred Revenue, Net of Current Portion	10,957,921	11,899,644	11,031,336
Total Liabilities	13,656,426	14,362,037	13,359,407
Stockholders' Deficit			
Common Stock, $.01 Par Value, 50,000 Shares Authorized, 10,000 Shares Issued and Outstanding	100	100	100
Additional Paid-In Capital	9,990	9,990	9,990
Accumulated Deficit	(9,483,142)	(7,672,943)	(7,102,163)
Total Stockholders' Deficit	(9,473,052)	(7,662,853)	(7,092,073)
Total Liabilities and Stockholders' Deficit	$ 4,183,374	$ 6,699,184	$ 6,267,334

See Notes to Financial Statements

COMFORT DENTAL GROUP, INC.
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	2023	2022	2021
Revenues			
Rental Fees	$ 8,227,371	$ 7,824,544	$ 7,585,967
Royalty Fees	8,576,278	7,752,738	7,372,494
Other Revenue	2,080,811	2,451,324	2,467,566
Commissions	1,149,934	1,488,863	1,293,134
Consulting Fees	1,225,081	1,203,957	1,245,621
Other Franchise Fees	1,512,748	672,414	680,669
Interest Income	173,061	266,597	328,919
Gain on Sale of Franchises	-	1,300,000	868,866
Total Revenues	22,945,284	22,960,437	21,843,236
Expenses			
Management Fees	15,428,835	14,867,422	12,797,895
Rent	8,227,371	7,824,544	7,585,967
Trademarks	864,022	839,251	811,449
General and Administrative	235,255	-	58,936
Total Expenses	24,755,483	23,531,217	21,254,247
Net (Loss) Income	(1,810,199)	(570,780)	588,989
Accumulated Deficit, Beginning of Year	(7,672,943)	(7,102,163)	(7,691,152)
Accumulated Deficit, End of Year	$ (9,483,142)	$ (7,672,943)	$ (7,102,163)

COMFORT DENTAL GROUP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

	2023	2022	2021
Cash Flows from Operating Activities			
Net (Loss) Income	$ (1,810,199)	$ (570,780)	$ 588,989
Adjustments to Reconcile Net (Loss) Income to Net Cash Used in Operating Activities			
Noncash Decrease in Rental Fees Receivable	57,010	-	22,400
Noncash Decrease in Royalty Fees Receivable	19,218	-	-
Noncash Decrease in Notes Receivable	139,562	-	35,736
Noncash Issuance of Notes Receivable	(95,000)	(50,000)	(150,000)
Noncash Decrease in Deferred Revenue	(1,455,223)	(1,464,864)	(1,486,145)
Gain on Sale of Franchises	-	(1,300,000)	(868,866)
Decrease (Increase) in Assets			
Royalty Fees Receivable from Related Parties	(2,022)	708	(6,079)
Royalty Fees Receivable from Non-Related Parties	(105,353)	(31,937)	(6,912)
Commissions Receivable	(118,851)	(30,838)	11,752
Rental Fees Receivable	(92,771)	(40,661)	3,207
Interest Receivable	3,157	7,734	25,206
Increase (Decrease) in Liabilities			
Management Fees Payable to Related Party	203,851	54,333	(23,967)
Rent Payable to Related Party	35,761	40,661	(25,607)
Other Liability	-	-	7,338
Deferred Revenue	110,000	335,000	95,000
Net Cash Used in Operating Activities	(3,110,860)	(3,050,644)	(1,777,948)
Cash Flows from Investing Activities			
Repayments of Notes Receivable	3,110,838	1,750,555	2,655,944
Proceeds from Sale of Franchises	-	1,300,000	237,500
Net Cash Provided by Investing Activities	3,110,838	3,050,555	2,893,444
Cash Flows from Financing Activities			
Repayments of Due to Related Party	-	-	(1,116,348)
Net Cash Used in Financing Activities	-	-	(1,116,348)
Decrease in Cash	(22)	(89)	(852)
Cash, Beginning of Year	342	431	1,283
Cash, End of Year	$ 320	$ 342	$ 431

See Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Business Activity – ***Comfort Dental Group, Inc.*** (the Company), a Colorado corporation, was incorporated on September 9, 1993. The Company has obtained a license for the use and sublicense of the trademark "Comfort Dental Group" in connection with a standard, special, distinctive, and uniform system for the establishment, promotion, development, and operation of dental, pedodontic, and orthodontic offices that provide full dental, pedodontic, and orthodontic services to the general public. The Company provides consultation and support to its franchisees through separate franchise agreements with each location. Certain franchisees lease facility space through sub-lease agreements with the Company. In addition, the Company has franchisees who have been given rights to sub-franchise their system to separately owned dental, pedodontic, and orthodontic practices in specified areas of the country.

The majority of the Company's franchises are located in the state of Colorado. Franchises are also located in the states of Missouri, Kansas, Oklahoma, Montana, and Arizona. The Company has sub-franchises in the states of New Mexico, Ohio, Texas, and Washington.

Exemption from Consolidating Certain Variable Interest Entities – As a qualifying private company, the Company has the option to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements under Accounting Standards Codification (ASC) 810, *Consolidation*. Instead, the Company discloses the related party transactions as required under ASC 810. See Note 3.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), except for commissions revenue and leases (see the revenue recognition and deferred revenue and leases sections below).

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

Reclassifications – Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Company considers all cash and short-term investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Royalty Fees, Commissions, Rental Fees, and Interest Receivable – Royalty fees, commissions, rental fees, and interest receivable are reported at the amount the Company expects to collect on balances outstanding at year end. The Company monitors outstanding balances and an allowance for credit losses is established for amounts it considers to be a probable collection risk. Amounts are written off when they are determined to be completely uncollectible. Based on management's evaluation, the Company concludes that all royalty fees, commissions, rental fees, and interest receivable are fully collectible at December 31, 2023, 2022, and 2021. Accordingly, no allowance for credit losses is required.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition and Deferred Revenue – The Company's revenue is generated from providing consulting and support services to franchises and sub-franchises under the Comfort Dental license. The Company's revenue and cash flow is dependent on the demand for dental, pedodontic, and orthodontic services provided by Company's franchise and sub-franchise offices and the success of the Comfort Dental doctors.

The Company recognizes revenue in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company recognized the following types of revenues for the years ended December 31:

	2023	2022	2021
Revenues Recognized Over Time			
Rental Fees (Note 4)	$ 8,227,371	$ 7,824,544	$ 7,585,967
Royalty Fees (A)	8,576,278	7,752,738	7,372,494
Other Revenue (B)	2,080,811	2,451,324	2,467,566
Commissions (C)	1,149,934	1,488,863	1,293,134
Consulting Fees (D)	1,225,081	1,203,957	1,245,621
Other Franchise Fees - Franchise License Rights (E)	205,142	194,914	188,169
Interest Income	173,061	266,597	328,919
Total Over Time	21,637,678	21,182,937	20,481,870
Revenues Recognized at a Point in Time			
Other Franchise Fees - Furniture and Equipment (F)	1,307,606	477,500	392,500
Other Franchise Fees - New Office Fee (G)	-	-	100,000
Gain on Sale of Franchise	-	1,300,000	868,866
Total at a Point in Time	1,307,606	1,777,500	1,361,366
Total Revenues	$ 22,945,284	$ 22,960,437	$ 21,843,236

(A) Royalty Fees – Each franchisee and sub-franchisee pay the Company a continuing monthly royalty fee which ranges from 1% - 5% of gross collections for each office and is recognized as revenue monthly. At times, franchisees will enter into a royalty buy down agreement with the Company. Royalty buy down fees paid up front are recognized as royalty fees on a straight-line basis over the period used to calculate the buy down up-front fee based on inputs.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition and Deferred Revenue – Continued –

(B) Other Revenue – The Company negotiates business and pricing deals with certain vendors on behalf of its franchise offices and, in exchange, receives rebates from those vendors. The Company recognizes revenue from vendor rebates over time based on outputs as vendors provide supplies and services to the franchise offices and the performance obligation is satisfied.

(C) Commissions – Existing franchisees and franchisees under the sub-franchisees are allowed to sell interests in their franchises to additional doctors. The Company receives commissions ranging from 5% - 10% on the sales price of those new interests, if not waived or reduced at the discretion of the Company. The new doctors typically sign a promissory note and pay the sales price over time and the Company recognizes this income over time based on inputs on a modified cash basis.

The commissions are fees for the Company assisting with locating and recruiting new potential Comfort Dental doctors and, in accordance with GAAP, should be recognized at the point in time when the interests are sold to the new doctors as the performance obligation has been satisfied. The accompanying independent auditors' report has been qualified for this GAAP departure. Management of the Company has not estimated the impact of recording commissions revenue on an accrual basis. If the financial statements were corrected for this departure from GAAP, commissions notes receivable, commissions revenue, and accumulated deficit would have been materially affected.

(D) Consulting Fees – The Company enters into long-term consulting agreements with each franchisee (secured by promissory notes as described in Note 1). Consulting fees are recognized as revenue based on inputs on a straight-line basis over the fifteen-year life of the consulting agreements.

(E) Other Franchise Fees – Franchise License Rights – The initial nonrefundable franchise or sub-franchise fee, in an amount that is determined by the Company, represents the consideration paid to the Company for the franchise license right which includes the use of the Comfort Dental name, trademarks, and proprietary methods. Franchise license rights are considered symbolic intellectual property and are recognized as revenue based on inputs on a straight-line basis over the term of the respective franchise or sub-franchise agreement, plus expected renewal periods.

(F) Other Franchise Fees – Furniture and Equipment – Under the majority of the franchise agreements, the franchisee purchases the furniture and equipment that is needed to set up a new office in accordance with Comfort Dental's specifications. The Company recognizes the furniture and equipment fees as revenue upon execution of the franchise agreement as the Company's performance obligation has been satisfied. The Company pays management fees to a related party, M'KNIB Company (M'KNIB), to reimburse them for the purchase of the furniture and equipment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue Recognition and Deferred Revenue – Continued –

(G) Other Franchise Fees – New Office Fee – The Company provides consulting services related to reviewing and approving new office locations for each new franchisee in a sub-franchisee's territory. The new office fee of $50,000 is recognized as revenue at the point in time when the new franchise is sold as the Company's performance obligation has been satisfied.

The Company's deferred revenue related to revenues recognized over time consist of the following at December 31:

	2023	2022	2021
Deferred Consulting Fees	$ 9,390,232	$ 10,215,313	$ 9,381,770
Deferred Other Franchise Fees			
- Franchise License Rights	2,604,381	2,649,523	2,459,437
Deferred Royalty Buy Down Fees	400,890	475,890	591,883
	12,395,503	13,340,726	12,433,090
Less Current Portion	1,437,582	1,441,082	1,401,754
	$ 10,957,921	$ 11,899,644	$ 11,031,336

Receivables and contract liabilities (deferred revenue) consist of the following at December 31:

	Total of All Receivables	Total of All Deferred Revenue
2023	$ 4,183,054	$ 12,395,503
2022	$ 6,698,842	$ 13,340,726
2021	$ 6,266,903	$ 12,433,090
2020	$ 7,374,466	$ 12,971,910

Leases – The Company accounts for leases in accordance with Accounting Standards Codification (ASC) 840, *Leases*, which is not in accordance with GAAP. ASC 842, *Leases*, superseded ASC 840 and was effective for the Company as of January 1, 2022. Under ASC 842, leases with a term exceeding 12 months require a right-of-use asset and a lease liability to be recorded, based on the net present value of future lease payments. The Company has not recorded the right-of-use asset or lease liability, and instead, records operating lease payments over the life of the lease as rent expense on the statements of operations and accumulated deficit. The accompanying independent auditors' report has been qualified for this GAAP departure. Management of the Company has not estimated the impact of recording leases in accordance with ASC 842. If the financial statements were corrected for this departure from GAAP, the accompanying balance sheets would have been materially affected by the recording of the right-of-use asset and lease liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income Taxes – The Company accounts for income taxes in accordance with GAAP. GAAP requires a company to recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in a company's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statements' carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

New Accounting Pronouncement – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. The Company has analyzed the provisions of Topic 326 and has concluded the adoption of this new guidance will not have a material impact on the Company's financial statements. As such, no cumulative effect adjustment to accumulated deficit as of January 1, 2023 was necessary.

NOTE 1 – NOTES RECEIVABLE

Consulting Notes Receivable – When the Company grants franchise rights to dental practices, the franchisees sign promissory notes for consulting services to be provided by the Company. At December 31, 2023, consulting notes receivable earn a fixed annual interest rate ranging from 8% to 10%, are typically payable in 120 monthly payments of principal and interest ranging from $2,427 to $7,433, and mature on various maturity dates ranging from April 2025 to June 2033. Consulting notes receivable are secured by the franchisee's furniture, fixtures, equipment, inventory, and accounts receivable. At December 31, 2023, 2022, and 2021, consulting notes receivable had a balance of $2,521,705, $4,906,605, and $4,472,637, respectively. An allowance for credit losses is established for portions of consulting notes receivable that are considered to be a probable collection risk by the Company's management. Company management determined that all consulting notes receivable were fully collectible; therefore, there was no allowance for credit losses related to its consulting notes receivable at December 31, 2023, 2022 and 2021.

Other Notes Receivable – The Company also has other notes receivable from franchisees. At December 31, 2023, other notes receivable earn a fixed annual interest rate ranging from 0% to 8%, are payable in 35 to 120 payments ranging from $606 to $3,717, including principal and interest, and mature from August 2024 to August 2034. Other notes receivable are secured by the franchisees' furniture, fixtures, equipment, inventory, and accounts receivable. At December 31, 2023, 2022, and 2021, other notes receivable had a balance of $493,500, $864,000, and $961,025, respectively. Company management determined that all other notes receivable were fully collectible; therefore, there was no allowance for credit losses related to its other notes receivable at December 31, 2023, 2022, and 2021.

NOTE 1 – NOTES RECEIVABLE – Continued

Interest income on consulting and other notes receivable is recognized using the accrual method. At times, the Company will reduce or waive the accrued interest on certain notes receivable.

NOTE 2 – STOCK AGREEMENT

The Company's stockholders have entered into a stock buy-sell agreement which requires approval from the remaining stockholders before a stockholder may transfer ownership of the Company's stock to an unaffiliated third party. Once approved and when a stockholder receives a bona fide written offer to purchase shares of stock, the remaining stockholders have the first right of refusal to purchase the shares.

NOTE 3 – RELATED PARTY TRANSACTIONS

Entities Under Common Control – The Company has a verbal agreement with M'KNIB, related through common ownership, to which the Company pays monthly management fees. M'KNIB provides the Company with management and other services including, but not limited to: accounting, billing, and administrative services, for which it charged a management fee of $15,428,835, $14,867,422, and $12,797,795 during the years ended December 31, 2023, 2022, and 2021, respectively. Management fees payable and due to related party on the accompanying balance sheets are amounts owed to M'KNIB. The Company's legal expenses are paid by M'KNIB as part of the management fee for services provided and therefore, any of the Company's legal fees payable at year end are payables of M'KNIB and not liabilities of the Company. The Company believes the fair value of the assets held by M'KNIB exceeds its respective liabilities. As such, the Company does not believe that it has any financial exposure to material loss at December 31, 2023.

The Company has a verbal agreement with BINK'M Company, LLC (BINK'M), related through common ownership, to which the Company pays monthly rental fees. See Note 4 for a further description of leasing arrangements and transactions between the Company and BINK'M. The Company believes the fair value of the assets held by BINK'M exceeds its respective liabilities. As such, the Company does not believe that it has any financial exposure to material loss at December 31, 2023.

M'KNIB, BINK'M, and the Company have a credit arrangement with a bank under which all three entities are jointly and severally liable. See Note 6.

The Company has an agreement with RAK Trademarks, LLC (RAK Mark), related through common ownership, to which the Company pays monthly trademark fees. RAK Mark owns the trademarks for the Company for which trademark fees of $864,022, $839,251, and $811,449, were paid during the years ended December 31, 2023, 2022, and 2021, respectively. RAK Mark does not have significant liabilities. As such, the Company does not believe that it has any financial exposure to material loss at December 31, 2023.

NOTE 3 – RELATED PARTY TRANSACTIONS – Continued

The Company's franchise agreement establishes a marketing fund that the franchisees contribute to monthly. The fund provides advertising, advertising–related, marketing and/or public relations programs, services and/or materials for the Company's franchisees. As allowed in the franchise agreement, the marketing fund is operated by a separate related party entity (CD Marketing, LLC), related to the Company through common ownership. The Company provides consulting and other services to CD Marketing, LLC under a verbal agreement. Consulting and other revenue from CD Marketing, LLC was $360,000, $371,043, and $320,000, during the years ended December 31, 2023, 2022, and 2021, respectively, which is included in other revenue on the statements of operations and accumulated deficit. CD Marketing, LLC does not have any significant liabilities. As such, the Company does not believe that it has any financial exposure to material loss at December 31, 2023.

Other Related Parties – A stockholder of the Company has an interest in a franchise which sells sub-franchises in New Mexico, and two stockholders of the Company own two franchised dental offices.

The accompanying balance sheets include the following other related party amounts at December 31:

	2023	2022	2021
Royalty Fees Receivable from Related Parties	$ 31,976	$ 29,954	$ 30,662
Deferred Other Franchise Fees - Franchise License Rights	$ 56,554	$ 60,482	$ 64,411

Revenues earned from these other related parties consist of the following for the years ended December 31:

	2023	2022	2021
Royalty Fees	$ 392,189	$ 389,048	$ 416,579
Rental Fees	$ 187,560	$ 184,730	$ 181,960
Commissions	$ 54,250	$ 4,000	$ 430
Other Franchise Fees	$ 3,928	$ 3,929	$ 3,929

NOTE 4 – OPERATING LEASES AND SUBLEASES

The Company has a master lease agreement with a related party, BINK'M, which either owns office space or leases it from third party landlords. The Company subleases the office space to its franchisees under terms which are substantially equivalent to the terms contained in the master lease agreement. Lease agreements are typically for five to ten-year periods with an option to renew. At December 31, 2023, monthly base rents payable to BINK'M and the corresponding sublease income payments from franchisees range from $2,750 to $12,910. The terms of these leases expire through December 2033.

NOTE 4 – OPERATING LEASES AND SUBLEASES – Continued

Total rental fees revenue and rent expense to BINK'M, including common area maintenance and operating expenses, for the years ended December 31, 2023, 2022, and 2021 were $8,227,371, $7,824,544, and $7,585,967, respectively. At December 31, 2023, 2022, and 2021, rent payable to BINK'M was $107,969, $72,208, and $31,547, respectively.

The following is a schedule of future minimum base rental payments due to BINK'M under the master lease agreement. The schedule also represents the future minimum base sublease income payments to be received from the Company's franchisees under the sublease agreements at December 31, 2023:

2024	$ 8,187,188
2025	7,178,310
2026	5,553,218
2027	3,905,286
2028	1,881,262
Thereafter	2,443,650
	$ 29,148,914

NOTE 5 – INCOME TAXES

The Company's tax returns are prepared using the cash basis of accounting. For the years ended December 31, 2023, 2022, and 2021, there was a tax loss on the Company's income tax returns (Forms 1120).

The Company accounts for income taxes in accordance with GAAP whereby deferred taxes are provided on temporary differences arising from assets and liabilities whose bases are different for financial reporting and income tax purposes. At December 31, 2023, 2022, and 2021, the Company has a deferred tax asset of approximately $2,462,000, $2,089,000, and $1,950,000, respectively, that consists of deferred consulting fees, deferred other franchise fees – franchise license rights, deferred royalty buy down fees, and net operating loss carryforwards. Because the Company has not generated taxable income in the past and does not intend to generate taxable income in the future, a valuation allowance has been provided to offset the entire deferred tax asset. Therefore, there are no deferred tax assets, liabilities, or income tax expense in the accompanying financial statements.

For the years ended December 31, 2023, 2022, and 2021, the valuation allowance increased by $373,000, $139,000, and $36,000, respectively.

At December 31, 2023, net operating loss carryforwards total $59,990 and begin expiring in 2034.

NOTE 6 – JOINT AND SEVERAL LIABILITY

The Company, BINK'M, and M'KNIB (co-borrowers) are co-borrowers under a credit agreement with a bank for the purpose of financing properties which are held by BINK'M and M'KNIB. The credit agreement includes a commitment of six loans which are collateralized by deeds of trust on the real property for which the loans were entered into, as well as substantially all assets of the co-borrowers. The credit agreement is guaranteed by the majority stockholder of the Company and requires certain financial covenants to be maintained by the guarantor, BINK'M, and M'KNIB, and certain reporting covenants to be maintained by the co-borrowers and the guarantor. The co-borrowers are jointly and severally liable for the loans under the credit agreement.

Five of the loans under the credit agreement were for financing properties held by BINK'M. The total amount of the liability recorded by BINK'M at December 31, 2023 is $3,036,157. The loans are due in monthly payments ranging from $1,302 to $7,204, including interest at 2.95%, through June 1, 2031.

One of the loans under the credit agreement was for financing property held by M'KNIB. The total amount of the liability recorded by M'KNIB at December 31, 2023 is $2,183,146. The loan is due in monthly payments of $13,300, including interest at 2.95%, through June 1, 2031.

NOTE 7 – GUARANTEE OF DEBT

The Company guarantees various non-real estate commercial loans made to Comfort Dental providers by a financial institution. These loans are made to Comfort Dental providers for the down payment of buying into new or expanding Comfort Dental franchises or replacing current providers leaving their franchises. At December 31, 2023, the total debt guaranteed by the Company was approximately $885,000.

The primary risks associated with the guaranteed loans include the unsecured nature of the credit, the fact that the borrowers may have limited net worth and liquidity, the borrowers' recent association with Comfort Dental, and the borrowers' unproven ability to generate enough income to service the loan. These risks are mitigated by the following: (a) if a borrower leaves Comfort Dental and/or defaults on his or her loan, the other partners in the practice have the first right of refusal to cure the default and re-sell the partnership interest and (b) the historical success of the Comfort Dental system which provides significant earning opportunities and ongoing centralized support to their doctors and franchises. Based on the information gathered as part of its monitoring of risks, the Company believes there is only a remote possibility that the Company will be required to perform under these guarantees. Due to the mitigation of the risks related to these loans, there is currently no recorded liability for potential losses under these guarantees, nor is there any liability for the Company's obligation to "stand ready" to fund such guarantees since it would be immaterial to the financial statements.

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Company's cash accounts are held in financial institutions and may, at times, exceed federally insured limits. The Company has not experienced any losses in its cash accounts and management believes the Company is not exposed to any significant credit risk on cash.

NOTE 9 – CASH FLOW STATEMENT DISCLOSURES

Supplemental Disclosures of Cash Flow Information – The Company paid no interest or income taxes during the years ended December 31, 2023, 2022, and 2021.

Supplemental Disclosures of Non-Cash Investing and Financing Activities – At December 31, 2023, 2022, and 2021, the Company has consulting notes receivable from new franchisees for future consulting services from the Company totaling $400,000, $2,037,500, and $1,262,500, respectively. The $400,000, $2,037,500, and $1,262,500, were also recorded as deferred consulting revenue at December 31, 2023, 2022, and 2021, respectively.

The Company issued other notes receivable of $95,000, $50,000, and $150,000, in exchange for other franchise fees earned during the years ended December 31, 2023, 2022, and 2021, respectively.

The Company sold two dental offices during 2021. As a part of the gain on sale of franchises, the Company wrote off two consulting notes receivable amounting to $525,309 and issued three other notes receivable amounting to $746,500. Deferred consulting revenue related to these offices was also written off in the amount of $410,175.

NOTE 10 – GOING CONCERN

At December 31, 2023, the Company's current liabilities exceeded its current assets and the Company had a large accumulated deficit. This creates an uncertainty about the Company's ability to continue as a going concern. The primary causes of the accumulated deficit are the large management fees paid to a related entity each year and the significant deferred revenue in the amount of $12,395,503 at December 31, 2023. Management of the Company has evaluated these conditions and concluded that the stockholders of the Company could at any point reduce the amount of management fees paid to the related entity or could make additional contributions to the Company, if needed. Additionally, the deferred revenue is not reflective of the cash flows of the Company. These factors alleviate the uncertainty about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 11 – FRANCHISE ACTIVITY

The following is a summary of franchise activity for the years ended December 31:

	2023	2022	2021
Franchise Licenses Sold During the Year Ended December 31	8	5	4
Franchise Offices in Operations at December 31	108	99	95

The number of franchise licenses sold and franchise offices in operations does not include sub-franchise offices.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the attached independent auditors' report, the date which the financial statements were available to be issued.

EXHIBIT G
(TO DISCLOSURE DOCUMENT)

STATE-SPECIFIC ADDENDA

ADDENDUM TO THE
COMFORT DENTAL GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

1. The following Risk Factor is required by the Department of Financial Protection and Innovation:

   In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with state and federal licensing and regulatory requirements relating to the practice of dentistry. You should consult with your attorney concerning these laws, regulations, and ordinances that may affect the operation of your business. If the California Dental Board, or any other agency overseeing the practice of dentistry in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

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

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

3. The following is added to the end of Item 5:

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

4. The following sentence is added to Item 6:

The highest interest rate in California is 10%.

5. The following paragraphs are added to the end of Item 17:

The California Business and Professions Code Section 20000 through 20043 provides you certain rights including: (i) limitations on our ability to terminate a franchise except for good cause, (ii) restrictions on our ability to deny renewal of a franchise, (iii) circumstances under which we may be required to purchase certain inventory of a franchisee when a franchise is terminated or not renewed in violation of the statute, and (iv) provisions relating to arbitration. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before a solicitation of a proposed material modification of an existing franchise.

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

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

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

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

The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your under the Franchise Investment Law (California Corporations Code §§31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

**CALIFORNIA RIDER TO THE
COMFORT DENTAL GROUP, INC.
FRANCHISE AGREEMENT
BETWEEN
COMFORT DENTAL GROUP, INC.
AND**

____

This California Rider to the Franchise Agreement by and between Comfort Dental Group, Inc. and Franchisee is dated __________, 20__.

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

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

COMFORT DENTAL GROUP, INC.

By: ___________________________________
Title: _________________________________

FRANCHISEE

By: ___________________________________
Title: _________________________________

EXHIBIT H
(TO DISCLOSURE DOCUMENT)

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is made effective as of the ___ day of ___________, 20___ by ________________________________, individually and _______________________, a _______________ [corporation/limited liability company/partnership] (collectively, "**Franchisee**") in favor of Comfort Dental Group, Inc., a Colorado corporation ("**Franchisor**") (together with Franchisee referred to herein as "**Parties**"), who, on the basis of the following agreements, agree as follows:

A. The Parties have entered into that certain Franchise Agreement dated _____________________, 20__ ("**Franchise Agreement**"), which governs the development and operation of a COMFORT DENTAL dental office ("**Dental Office**"). To the extent not otherwise defined herein, all initial-capitalized references shall have the same meaning as set forth in the Franchise Agreement.

B. Franchisee desires to transfer the Franchise Agreement, the ownership of Franchisee, or the Dental Office or some or all of the assets of the Dental Office;

OR

B. Franchisee desires to enter into a successor agreement to the existing Franchise Agreement.

C. Franchisor desires to consent to Franchisee's request subject to Franchisee's compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the execution and delivery by Franchisee to Franchisor of this Release.

1. **<u>Release</u>**. Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives ("**Franchisee Affiliates**"), hereby fully and forever unconditionally releases and discharges Franchisor and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to herein as "**Franchisor Affiliates**") from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever ("**Released Claims**"), in law or in equity, whether known or unknown, which Franchisee or Franchisee Affiliates may now have against Franchisor or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Release.

[APPLIES ONLY IN CALIFORNIA] 1(a). <u>Release of Unknown Claims and Waiver of California Law</u>. Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the Release, such as <u>Section 1542</u> of the Civil Code of the State of California, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor."

Franchisee and Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California, and under any similar provisions of any other law (as may be applicable to this Release), to the fullest extent that Franchisee and Franchisee Affiliates may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this Release, but that it is Franchisee's and Franchisee Affiliates' intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and Franchisee Affiliates agree to defend, indemnify and hold harmless the Franchisor and the Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by Franchisee and Franchisee Affiliates (or any person or entity by, through, or on their behalf) of any Released Claims, positions, defenses, or arguments contrary to this Section 1(a) of this Release.

[APPLIES ONLY IN SOUTH DAKOTA] 1(b). Release of Unknown Claims and Waiver of South Dakota Law. Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of this Release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Franchisee and Franchisee Affiliates waive and relinquish every right or benefit which they have, or may have, under § 20-7-11 of the South Dakota Codified Laws, and under any similar provisions of any other law (as may be applicable to this Agreement), to the fullest extent that they may lawfully waive such right or benefit pertaining to the subject matter of this Release. In connection with such waiver and relinquishment, with respect to the Released Claims, Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that Franchisee and Franchisee Affiliates now know or believe to be true with respect to the subject matter of this Release, but that it is their intention to settle and release fully, and finally and forever, all Released Claims, disputes and differences, known or unknown, suspected or unsuspected, which now exist, may exist or heretofore existed, and in furtherance of such intention, the Release given herein shall be and remain in effect as a full and complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all Released Claims. Franchisee and Franchisee Affiliates agree to defend, indemnify and hold harmless Franchisor and Franchisor Affiliates from any and all Released Claims arising out of, directly or indirectly, the assertion by Franchisee and Franchisee Affiliates (or any person or entity by, through, or on behalf of Releasor) of any Released Claims, positions, defenses, or arguments contrary to this Section l(b) of this Release.

2. **General**. This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado. This Release embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof; and this Release may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. Nothing in this Release is intended to disclaim any representations made by Franchisor in the most recent franchise disclosure document provided by Franchisor or its representatives to Franchisee in connection with any successor to the Franchise Agreement. The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof. This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included. The remaining provisions of this Release shall not be affected by such modification. All provisions of this Release are binding and shall inure to the benefit of the Parties and their respective delegatees, successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this Release to be made effective on the day and year first above written.

COMFORT DENTAL GROUP, INC.

Date: ______________________________ ______________________________

By: ______________________________

Name: ______________________________

Title: ______________________________

FRANCHISEE:

Date: ______________________________ ______________________________

Individually

Date: ______________________________ ______________________________

Individually

AND:

(if a corporation, limited liability company or partnership)

Date: ______________________________ By: ______________________________

Title: ______________________________

EXHIBIT I

TO FRANCHISE DISCLOSURE DOCUMENT

NOTICE OF RESTRICTIVE COVENANTS

This is a Notice of Restrictive Covenants ("**Notice**") that Comfort Dental Group, Inc., ("**Franchisor**") requires _____________, (the "**Prospective Franchisee**") to sign, hereby acknowledging receipt of a Franchise Agreement ("**Agreement**"), the form of which is attached as Exhibit B to the Franchise Disclosure Document ("**FDD**") provided to Prospective Franchisee as a condition of purchasing a franchise, on ___________, 202__. This Notice is also attached to the FDD as an exhibit. Initial capitalized terms not defined in this Notice have the respective meanings set forth in the Agreement.

The Agreement contains covenants of confidentiality and not to compete by engaging in a similar business that could restrict Prospective Franchisee's activities during the Term and following the termination of the Agreement in Sections 5.4, 5.5, and 9.5. Prospective Franchisee shall receive this Notice before Prospective Franchisee signs the Agreement or pays any nonrefundable consideration to Franchisor. The effective date of the Agreement shall be not less than fourteen (14) days after (i) the date of this Notice; and (ii) the date Prospective Franchisee signs the FDD Receipt.

Prospective Franchisee acknowledges receipt of this Notice at least fourteen (14) days prior to signing the Agreement.

Prospective Franchisee acknowledges and agrees that (1) complying with the restrictions contained in the Agreement will not prevent Prospective Franchisee from earning a living, and (2) such restrictions are necessary and reasonable to protect Franchisor's valid interests (including, without limitation, relationships with customers, goodwill, the protection of trade secrets and other confidential information, protection from unfair competition, and other protectable interests).

Prospective Franchisee understands and acknowledges that: (i) Franchisor's System, Marks, and proprietary Manual are unique to Franchisor and of great competitive value; (ii) Franchisor has invested and continues to invest substantial resources in developing its franchise System, trade secrets, confidential information, and goodwill; and (iii) any loss of goodwill will cause significant and irreparable harm to Franchisor.

PROSPECTIVE FRANCHISEE REPRESENTS AND WARRANTS THAT PROSPECTIVE FRANCHISEE HAS HAD THE OPPORTUNITY TO REVIEW THE AGREEMENT WITH PRIOR NOTICE OF ITS RESTRICTIVE COVENANTS AND TO CONSULT AN ADVISOR OR ATTORNEY OF ITS CHOICE BEFORE SIGNING THE AGREEMENT. PROSPECTIVE FRANCHISEE FURTHER ACKNOWLEDGES THAT IT UNDERSTANDS THE AGREEMENT AND IF IT SIGNS THE AGREEMENT, IT DOES SO KNOWINGLY AND VOLUNTARILY.

Signature: ________________________________

Name: ___________________________________

Date: ____________________________________

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
(TO DISCLOSURE DOCUMENT)

RECEIPT – our copy

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 Comfort Dental Group, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Comfort Dental Group, Inc. or an affiliate in connection with the proposed franchise sale.

If Comfort Dental Group, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A. The franchisor is Comfort Dental Group, Inc., 2540 Kipling Street, Lakewood, CO 80215, tel: 303-202-9449. In addition, please identify the individual franchise seller who offered you a Comfort Dental franchise in the space provided below:

Name of Franchise Seller: ______________________	Name of Franchise Seller: ___________________
____	____
Principal Business Address: ____________________	Principal Business Address: _________________
____	____
____	____
Telephone Number: ___________________________	Telephone Number: ________________________

Issuance Date: April 29, 2024. (The effective dates in the franchise registration states are noted on the preceding page.)

Comfort Dental Group, Inc.'s agent authorized to receive service of process is Dr. Rick A. Kushner, 2540 Kipling Street, Lakewood, CO 80215. We also authorize the state agencies identified at Exhibit A to receive service of process for us in that particular state.

I have received a Franchise Disclosure Document issued on April 29, 2024, including the following Exhibits:

A List of State Agencies / Agents for Service of Process
B Franchise Agreement
C List of Current Franchisees
D List of Franchisees Who Have Left the System
E Operations Manual Table of Contents
F Financial Statements
G State-Specific Addenda
H General Release
I Notice of Restrictive Covenants
J Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:	If an individual:
____	____
Name of Business Entity	(Print Name): ________________________________
By:____	
Its:____	Dated:_______________________________________
(Print Name):_______________________________	
Dated:______________________________________	

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it by mail to Graig Bears, Comfort Dental Group, Inc., 2540 Kipling Street, Lakewood, CO 80215 or by email attachment to gbears@comfortdental.biz.

RECEIPT – your copy

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 Comfort Dental Group, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Comfort Dental Group, Inc. or an affiliate in connection with the proposed franchise sale.

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Name of Franchise Seller: ______________________	Name of Franchise Seller: ___________________
______________________________________	______________________________________
Principal Business Address: _____________________	Principal Business Address: _________________
______________________________________	______________________________________
______________________________________	______________________________________
Telephone Number: ___________________________	Telephone Number: ________________________

Issuance Date: April 29, 2024. (The effective dates in the franchise registration states are noted on the preceding page.)

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J Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:	If an individual:
______________________________________	______________________________________
Name of Business Entity	
By:____________________________________	(Print Name): ___________________________
Its:____________________________________	Dated:__________________________________
(Print Name):___________________________	
Dated:_________________________________	

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it by mail to Graig Bears, Comfort Dental Group, Inc., 2540 Kipling Street, Lakewood, CO 80215 or by email attachment to gbears@comfortdental.biz. You may keep this copy for your records.