FRANCHISE DISCLOSURE DOCUMENT

HAPPY CAT FRANCHISING, LLC
A Connecticut Limited Liability Company
9a School Street
East Granby, CT 06026
Telephone: (844) 422-8386
Email: info@happycathotel.com
Website: happycatfranchising.com

HAPPY CAT FRANCHISING, LLC, offers franchises for the operation of a luxury styled hotel for cats only known as "Happy Cat Hotel", under the service mark and design HAPPY CAT HOTEL®.

The total investment necessary to begin operation of a Happy Cat Hotel franchise is $303,500 to $428,000. This includes $71,800 to $73,400 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a Multi-Unit Development Agreement (assuming the purchase of 2 locations) is $346,000 to $470,500. This includes $114,300 to $115,900 that must be paid to the franchisor or affiliate. The is no minimum number of Happy Cat Hotel units that you are required develop under the Multi-Unit Development Agreement.

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

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., 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. You should ask your state agencies about them.

Issuance Date: April 22, 2022; as amended September 15, 2022

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 franchises. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Happy Cat Hotel 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 Happy Cat Hotel franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

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

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

HAPPY CAT FRANCHISING, LLC
DISCLOSURE DOCUMENT
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ITEM 1 - THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, Happy Cat Franchising, LLC, the Franchisor, will be referred to as "Happy Cat" or “we, us or our”. "You" or “Franchisee” means the individual, corporation, limited liability company or partnership who buys the franchise. If the Franchisee will operate through a corporation, limited liability company, or other entity, “You” also includes the franchisee’s shareholders, members or partners.

We are a Connecticut limited liability company formed on May 7, 2020. Our principal place of business is 9a School Street, Windsor, Connecticut, 06095.

We have one parent company. Our parent company, Happy Cat Holdings, Inc., was incorporated in Connecticut on December 6, 2017 and has the same business address as us.

We have no predecessors.

We have three affiliates. Our first affiliate, Happy Cat Windsor, LLC, was formed in Connecticut on May 7, 2020 and has the same business address as us. This affiliate operates a Happy Cat Hotel® in Windsor, Connecticut that has been open since November 2014.

Our second affiliate, Happy Cat East Granby, LLC, was formed in Connecticut on May 7, 2020 at 15 School Street in East Granby, CT. This affiliate has operated a Happy Cat Hotel® in East Granby, Connecticut since July 1, 2020.

Our third affiliate, Home Sweet Home Pet Care, LLC dba Happy Cat Products (“Happy Cat Products”) was formed in Connecticut on May 8, 2009. This affiliate shares the same principal business address as us. Happy Cat Products provides the bedding, blankets, litter, and apparel to our Franchisees.

None of our affiliates offer franchises in any line of business. Happy Cat Windsor, LLC and Happy Cat East Granby, LLC do not provide products or services to our franchisees.

We have been in the business of offering and selling franchises for the operation of Happy Cat Hotel® (“Franchises”) since June 2020.

We have never been in any business other than that of selling Happy Cat Hotel® franchises of the type described in this Disclosure Document. We do not offer franchises in any other line of business.

The Happy Cat Hotel® concept is to offer its franchisees a license to operate a single unit cat hotel as follows:

The business consists of a hotel featuring the boarding of domestic cats (and no other pets or animals) in individually themed, luxury-styled rooms with full care services reminiscent of traditional hotel practices for individuals. The rooms range from 270 cubic feet to 500 cubic feet

with minimum ceiling height of 7'6" with a variety of amenities including, but not limited to, room service, personalized care, climbing trees, wall climbing systems, water fountains, toys, activities, medication application, beds and couches. Like a typical hotel, room reservations are made online or by telephone. Grooming services are required. The franchise consists of a license permitting the franchisee to offer Happy Cat Hotel® services to customers in accordance with Happy Cat Hotel® service marks, trade names, logos, copyrights and other commercial symbols (the "Proprietary Marks") described in Items 13 and 14 of this Disclosure Document.

We also offer qualified candidates the opportunity to enter into a Multi-Unit Development Agreement ("MUDA") for the right to open at least one (1) additional Happy Cat Hotel® Franchise. The MUDA will permit You to establish an agreed-upon number of additional Happy Cat Hotel® Franchises within an agreed period of time. In addition to signing the MUDA, you will sign our then-current form of Franchise Agreement for each Franchise you agree to develop under the MUDA. The form of Franchise Agreement that you will sign for Your additional Franchise(s) may be materially different than the Franchise Agreement included with this Disclosure Document.

Happy Cat Hotels will be located in both urban and suburban areas in proximity to transportation services like airlines, train stations and bus terminals. Each Happy Cat Hotel® will occupy at least 2,000 square feet depending upon the number of rooms that the franchisee builds-out in an approved location.

The market for Your services consists of cat owners seeking to board their cats in luxury styled hotel rooms with a variety of amenities offered daily including: brushing, play, affection, and enrichment activities throughout the day. As such, You compete with other full service animal boarding facilities that board cats either exclusively or secondarily, as well as with pet sitters and pet sitting services.

Each Happy Cat Hotel® Franchisee operates its hotel at a single location within a defined territory. Your competitors include other facilities such as veterinarians that board cats and other luxury pet boarding facilities.
You must comply with Federal, State and Local Laws and Regulations including licensing requirements concerning the boarding and grooming of animals and building, zoning, fire codes and health regulations relative to the boarding of animals.

ITEM 2 - BUSINESS EXPERIENCE

Co-Founder and President:
Christopher Raimo

Chris Raimo has served as Co-Founder and President of Happy Cat Franchising, LLC in Windsor, CT since its inception in May 2020. He has also served as the Co-Founder and President of Happy Cat Holdings, Inc. in Windsor, CT since its inception in December 2017. From May 2009 to January 2018, Chris served as Founder & President of Home Sweet Home Pet Care, LLC in Windsor, CT.

Secretary:
Margaret Raimo

Margaret (Meg) Raimo has served as Co-Founder and Secretary of Happy Cat Franchising, LLC since its inception in May 2020. Meg has simultaneously served as the Co-Founder and Secretary of Happy Cat Holdings, Inc. in Windsor, CT since its inception in December 2017. Meg has also served as the Co-Founder and Vice President of Home Sweet Home Pet Care, LLC in Windsor, CT since its inception in May 2009.

Director of Operations:
Hillary Lanning

Hillary Lanning has served as our Director of Operations since February 2022. Prior to that, she was an Executive Groomer for both Happy Cat Windsor, LLC and Happy Cat East Granby, LLC from September 2018 to January 2022. From June 2014 to September 2018, Hillary was a Manager for Home Sweet Home Pet Care, LLC in Windsor, CT.

General Manager
Stephanie Zalewski

Stephanie Zalewski has served as the Facility/General Manager for Happy Cat Windsor, LLC in Windsor, CT and Happy Cat East Granby, LLC in East Granby, LLC since April 2021. Prior to that, Stephanie was a Customer Experience Manager at Michael's Arts & Crafts in New Britain, CT from May 2017 until April 2021. Additionally, Stephanie was a Hub Supervisor for United Parcel Service (UPS) in Windsor Locks, CT from October 2015 to December 2019.

Business Coach
Gerald A. Winstrom

Gerald (Jerry) Wistrom has served as a Business Coach for Happy Cat Franchising, LLC since April 2022. Jerry has also been self-employed as a business coach and sales consultant since January 2000. He has also served as a Senior Sales Representative for Integrity Merchant Services in Glastonbury, CT since June 2014.

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 - BANKRUPTCY

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

ITEM 5 - INITIAL FEES

A. All Happy Cat Hotel Franchisees pay a $45,000 Franchise Fee when they sign the Franchise Agreement for a single unit franchised Happy Cat Hotel. The Franchise Fee is uniform, fully earned by the Franchisor when paid, and is not refundable under any circumstances.

B. You shall pay Happy Cat a Project Management Fee of $20,000 when You sign the Franchise Agreement. Happy Cat will provide you a Project Manager to assist with the construction and layout of your Happy Cat Hotel for up to 60 hours. The Project Manager may be an independent contractor, not necessarily an agent or employee of Happy Cat. The Project Management Fee is uniform, fully earned by the Franchisor when paid, and is not refundable under any circumstances.

C. Before You open for business, You shall pay Happy Cat a Groom Training Fee of $4,500. This includes an online syllabus, online tutor and network support, in-person training, personal private instruction by a certifier, in-person testing, online proctor testing, and certification. The Groom Training Fee is uniform, fully earned by the Franchisor when paid, and is not refundable under any circumstances.

D. As part of the start-up inventory and supplies that You will purchase, bedding, blankets, litter, and apparel will be purchased from Happy Cat's affiliate, Happy Cat Products. Happy Cat estimates that You will pay $2,300 to $3,900 for bedding, blankets, litter, and apparel. These costs are fully earned by Happy Cat Products when paid, and is not refundable under any circumstances. All of your other start-up inventory and supplies will be purchased from third party vendors of which Happy Cat, its affiliates or owners do not own any interest in.

D. If You qualify to be a multi-unit franchisee and agree to purchase and develop a minimum of 1 additional Happy Cat Hotel franchise, then You will sign a MUDA. When you sign the MUDA, You will pay Happy Cat a Development Fee equal to $45,000 for your first Happy Cat Hotel franchise plus the then-current Franchise Fee less $2,500 for each subsequent franchise. The fee is payable when You sign the MUDA. This is in addition to the Project Management Fee and Groom Training Fee. The fee is uniform and not refundable under any circumstances.

ITEM 6- OTHER FEES

Type of Fee[1]	**Amount**	**Due Date**	**Remarks**
Royalty Fee	After the first 3 months from opening: 6% of Gross Receipts.	5th calendar day each month	"Gross Receipts" include all of Your revenue and receipts, including those sold by trade, barter or

	No royalties due for the first 3 months of operations from opening date.		exchange. Gross Receipts exclude: sales, use or privilege taxes paid to the appropriate taxing authority, and refunds that are provided to clients.
Local Advertising Requirement	3% of Gross Receipts	Monthly	You are required to spend 3% of your monthly Gross Receipts on local advertising for your franchise. All advertising must be approved by us prior to your use.
Advertising Contribution	Currently none; if established, 1% of Gross Receipts for Happy Cat Advertising Fund ("HCAF") and up to 2% of Gross Receipts if increased.	Same as Royalty	Happy Cat reserves the right to establish Happy Cat Advertising Fund ("HCAF"), but as of the date of this Disclosure Document has not done so. Happy Cat may increase contributions to the HCAF to up to 2% of total Gross Receipts upon written notice to each Franchisee. Advertising fees will be paid by pre-authorized drafts.
Interest on past due accounts	Interest at 18%, but no greater than the highest legal rate	Upon reaching a settlement or final judgment if no settlement is reached.	Only imposed if account is past due. Interest begins on the day after the due date.
Late charge	Interest at 10% per annum of any past due amounts	7 days after due date of a fee or charge	Applies to fees or charges due to Happy Cat. Limited

			to maximum allowed by law.
Insufficient Funds Fee	5% or $50, whichever is greater, or maximum fee allowed by law.	On demand	Applies to any and all payments due to Franchisor.
Technology Fee	$500 per month	Immediately upon receipt of bill.	Fees for various software, website, and webcam platforms and maintenance. Payable to Happy Cat Franchising, LLC.
Alarm/Security System	$75 per month	Immediately upon receipt of bill.	Payable to local provider
Attorney's Fees	Various	You must pay us for attorneys' fees as they are accrued	Fees paid to Happy Cat Franchising, LLC's attorneys to enforce this Agreement.
Initial training	Included in the initial franchise fee.	Payable in advance of training	Initial training is mandatory. Grooming training is optional.
Additional training	$400 per day (subject to increase in CPI) but You must pay for Your own travel and room & board while attending courses	Immediately upon receipt of bill	Additional training is mandatory upon Happy Cat's decision to revisit or advance franchisee education and training.
Additional on-site assistance	The current fee set forth in the Operations Manual (presently $300); per diem plus travel, lodging and meals.	30 days after date of billing	Up to 4 days during the first year of this Agreement at no expense to You.

Transfer	The greater of $6,000 or 33% of the then current franchise fee	Before Happy Cat approves the transfer.	Payable by You when You sell Your franchise. No charge if You transfer to a corporation, partnership or limited liability company ("LLC") which You control. See Item 17.
Training of transferee	$5,000 plus $3,500 for grooming training, if required	Prior to transfer	Payable by transferee prior to sale. In case of Your death or disability, payable by new operator of business. Subject to any increase in the CPI.
Renewal Fee	36% of the then current Franchise Fee for each renewal of the Franchise.	30 days before the renewal date	There are other conditions for renewal. See item 17.
Audit	Cost of audit plus underpayment, plus legal fees and travel expenses	30 days after billing	Payable only if audit discloses underpayment by 2% or more.
Liquidated Damages	$25,000	Payable within 30 days of Happy Cat's written notice.	Only imposed if You disclose Happy Cat trade secrets, or other confidential information relating to the franchise system or operations manual.
Management Fee	10% of Gross Receipts plus costs and expenses	As incurred	Payable only if we may assume management of Your Happy Cat Hotel due to Your (i) abandonment or failure to operate Your Happy cat Hotel, (ii) failure to comply with provisions of the Franchise Agreement, or (iii) termination of the Franchise

			Agreement.

[1] All fees are non-refundable and are uniformly imposed and collected as to all Franchises under the Franchise Agreement.

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ITEM 7 - ESTIMATED INITIAL INVESTMENT

A. **Franchise Agreement**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is to Be Made**
Initial Franchise Fee[1]	$45,000	Lump sum	At signing of Franchise Agreement	Happy Cat Franchising, LLC
Project Management Fee[2]	$20,000	Lump sum	At signing of Franchise Agreement	Happy Cat Franchising, LLC
Travel and living expenses while training	$2,000 to $4,000	As arranged	During training as required	Airlines, hotels and restaurants
Facility Improvements/Construction[3]	$200,000 to $275,000	As arranged	Immediately upon receipt of bill	Contractors, Subcontractors, Vendors, Architect
Equipment	$8,000 to $20,000	Lump sum	Immediately upon receipt of bill	Vendors
Computer System	$500 to $2,000	Lump sum	Immediately upon receipt of bill	Vendors
Business licenses	$500 to $2,500	Lump sum	Immediately upon receipt of bill	State or municipal agencies

Signs	$2,000 to $5,000	Lump sum	Immediately upon receipt of bill	Vendors
Grand Opening Advertising Program[4]	$4,000 to $10,000	As arranged	Immediately upon receipt of bill	Vendors and media
Miscellaneous opening costs[5]	$3,000 to $10,000	As arranged	Immediately upon receipt of bill	Suppliers, vendors, utilities, etc.
Training for cat grooming	$4,500	Lump sum	Immediately upon receipt of bill	Happy Cat Franchising, LLC
Start-up inventory and supplies[6]	$3,000 to $7,000	Vendor discretion	Immediately upon receipt of bill	Vendors
Insurance (Annual Premium)[7 and 8]	$1,000 to $3,000	Lump sum	Immediately upon receipt of bill	Insurance agent
Advertising expenses (3 months)[9]	$2,000 to $4,000	As incurred	Immediately upon receipt of bill	Vendors, suppliers and media
Additional funds[10]	$8,000 to $16,000	As incurred	Immediately upon receipt of bill	Payroll; suppliers
TOTAL	$303,500 to $428,000			

B. Multi-Unit Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment Is to Be Made**
Development Fee[1]	$87,500	See Note 1 Lump sum	Upon execution of Multi-Unit	Happy Cat Franchising, LLC

			Development Agreement	
Initial Investment to Open Initial Location[11]	$258,500 to $383,000	See Table A of this Item 7.		
TOTAL	$346,000 to $470,500	This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of two (2) locations, as well as the costs to open and commence operating your initial location for the first three months (as described more fully in Chart A of this Item 7).		

NOTE 1: Happy Cat does not finance any fee. These fees are non-refundable.

NOTE 2: To assist You with the construction of Your Cat Hotel, You must use the services of a Project Manager whom we will provide. The Project Manager's services for the first sixty (60) hours are no cost to You. The Project Manager may be an employee of Happy Cat or an independent contractor of Happy Cat. If You require additional services from the Project Manager in excess of 60 hours, You shall pay between $100–$125 per hour (at Happy Cat's discretion) for those services.

NOTE 3: You will be required to lease the premises for the franchised cat hotel. Typical locations are free-standing buildings in commercial or industrial areas. The typical Happy Cat Hotel® has 2,000 to 5,000 square feet. Rent is estimated to be between $30,000 and $150,000 a year, depending upon factors such as size, condition and location of the leased premises, as well as volume of traffic, visibility and accessibility of the premises. Happy Cat estimates that its architect may charge between $150 and $300 per hour to complete plans and specifications for Your Cat Hotel at Your expense. Tenant Improvements including architect's fees, assuming no Landlord allowances, are estimated to cost between $98,000 and $355,500. The rent is payable to the Landlord along with a security deposit, usually at lease signing. The Tenant Improvements expenses are payable to the contractors and suppliers pursuant to agreed upon terms as arranged.

NOTE 4: $2,000 is the minimum expenditure expected. Happy Cat will provide You with guidance. You must submit copies of receipts, bills and invoices to Happy Cat. Happy Cat will pre-approve all advertising copy and materials.

NOTE 5: Including security deposits, utility costs and incorporation fee, if applicable.

NOTE 6: Including opening inventory and supplies including litter material, cat food, shampoos, cat treats, cat toys, sanitizing and deodorizing solution, all of which must be purchased from approved vendors. Bedding, blankets, litter, and apparel will be purchased from our affiliate, Happy Cat Products.

NOTE 7: Annual estimated premium for required insurance coverage. You must maintain broad form comprehensive general liability coverage of at least $2,000,000, fire and extended coverage of at least $200,000, worker's compensation (State Requirements), business interruption coverage of at least $300,000, errors and omissions coverage of at least $500,000 and Employment Practices Liability of at least $200,000. Happy Cat can change the required coverage and amounts upon written notice to Franchisee.

NOTE 8: Insurance premiums may, in some cases, be financed by the insurance company or insurance agent.

NOTE 9: During each year, You may use Your discretion as to the timing of local advertising. You are obligated to expend on advertising at least 3% of Your Gross Receipts on a yearly basis.
NOTE 10: This estimates Your initial startup expenses. These expenses include payroll costs for your first three months of operation. These figures are estimates, and Happy Cat cannot guarantee that You will not have additional expenses starting the business. Your costs will depend on such factors as: how closely You follow Happy Cat's methods and procedures; Your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial 3-month period. Happy Cat relied upon the operation of its affiliate-owned location in formulating these numbers.
NOTE 11: This figure represents the total estimated initial investment required to open the initial location You agreed to open and operate under the MUDA. You will be required to enter into our then-current form of franchise agreement for the initial location You open under your MUDA. The range includes all the items outlined in Table 7.A. of this Item, except for the Initial Franchise Fee because that is reflected in the Development Fee. It does not include any of the additional costs You will incur in opening and additional location(s) that You are granted the right to open and operate under Your MUDA.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers: You must purchase or lease all equipment, fixtures, inventory, proprietary cat food products, supplies and other products and materials for the operation of the franchised Happy Cat Hotel® solely from suppliers (including distributors, manufacturers, Happy Cat Products and other sources) who have been approved in writing by Happy Cat. These suppliers may change from time to time.
Happy Cat maintains written lists of approved items of equipment, fixtures, inventory and suppliers (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. Happy Cat will provide You with such specifications and/or design standards to use toward the construction of your facility. Most supplier products are posted on Happy Cat's franchisee portal and the names and addresses of approved suppliers who are not will be provided prior to the opening of the franchised business. Specifications may be modified on 30 days' advance notice to You. Happy Cat updates its list of approved suppliers from time to time.
If You desire to purchase or lease any items from an unapproved supplier, You must submit to Happy Cat a written request for approval. Happy Cat approval will not be unreasonably withheld, but must be obtained in writing. Happy Cat may require that You submit specifications, samples, photographs or other relevant information in order to evaluate Your request. There is no fee for Happy Cat to test or approved items from an unapproved supplier. Happy Cat will respond to a request for approval within 45 days. Happy Cat may periodically require that new samples be delivered to Happy Cat or its designee for testing, and that it be permitted to inspect the supplier's facilities. Happy Cat may revoke its approval if any supplier or products fails to continue to meet Happy Cat standards and specifications.
Sole or Designated Suppliers: At present, the sole approved supplier for hotel reservations software is Checkfront Inc.
At present the only other sole approved suppliers are as follows:

Supplier:	
Loft 312	Cat Refuse Bags
Kitty Kasas	Cat furniture and climbing apparatus
Catit Water Fountains (A Hagen Co.)	Water dishes/fountains
ContempoCat	Cat platform and climbing apparatus
Brownrice Internet	Web Cam with 3rd party connection service
Spider Creations	Website specific online forms
Carlisle	Dishware
Rio Grande	Dishware
Custom Ink	Apparel
All Pine Litter	Cat Refuse Boxes
Vinyl Disorder	Decal/Decor
Stericycle	Sharps & Sharps Recycling
NCL, Clarke-Nilfisk, Rubbermaid	Cleaning Products
Chubbs Bars, Les Pooch Luxury Pet Products, Wahl, Catty, Shack Vac, Purrdy Paws, Smart Practice, Romani, Master Equipment, Ryan's Pet Supplies, Groomer's Mall	Grooming Products
Happy Cat Products	Bedding, Blankets, Litter, Apparel
Supporting Strategies Bookkeepers	Bookkeeping
Integrity Merchant Solutions	Merchant Services
Impact Business Advisors	Liability Insurance

It is estimated that the required initial purchase of cat products for Happy Cat hotels represents between 6% and 12% of the cost to establish a franchise, and approximately 2% to 4% of total operating expenses thereafter.

Happy Cat currently negotiates purchase arrangements with manufacturers and suppliers (including pricing terms) for Happy Cat's franchisees' benefit.

Happy Cat does not provide any material benefits to any franchisees (for example, additional franchise rights or renewal rights) based on their purchases of particular products or services or their use of particular suppliers. Happy Cat reserves the right not to grant franchises or confer other benefits to any franchisee, for any reason or no reason, which may include the failure of a Happy Cat Hotel® to follow and support the Happy Cat System, including its recommended advertising programs and approved supplier programs.

Happy Cat derives no revenue from Your purchases or leases, except for purchases of Happy Cat's own products. Both Chris Raimo and Meg Raimo have an ownership interest in Happy Cat Products, which is an approved supplier for bedding, blankets, litter, and apparel. They do not have any ownership interest in any other approved suppliers. There are no non-Happy Cat Hotel approved suppliers in which any of our officers own an interest. Jerry Wistrom is a Senior Sales Representative for Integrity Merchant Services, our required supplier for Your merchant services. Mr. Wistrom will receive a commission from sales of merchant services to our franchisees.

In the fiscal year ended December 31, 2021, we did not receive any revenue from franchisee purchases or leases, but our affiliate, Happy Cat Products, received $5,703.38 from franchisee purchases. Happy Cat Products does not pay us any rebates.

There are no purchasing or distribution cooperatives.

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	Franchise Agreement: Par 1A;1B; 1C; 9A Multi-Unit Development Agreement: Articles 6, 7, 8	Items 7 and 11
b. Pre-opening purchases/leases	Franchise Agreement: 9A; 9D Multi-Unit Development Agreement: Not Applicable	Items 6,7, 8 and 11

c. Site development and other pre-opening requirements	Franchise Agreement: Par 1C;7A; 9A; 9C, 9D Multi-Unit Development Agreement: Not Applicable	Items 6, 7 and 11
d. Initial and ongoing training	Franchise Agreement: Par 7A (vi, a, vii); 7B v; 8B Multi-Unit Development Agreement: Not Applicable	Items 6, 7 and 11
e. Opening	Franchise Agreement: Par 6C; 7A; 7B; 8H Multi-Unit Development Agreement: Not Applicable	Item 11
f. Fees	Franchise Agreement: Par 4, 5, 6, 8K, 8O, 8P, 9C, 12B (iv, vii) 15B Multi-Unit Development Agreement: Article 5	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Franchise Agreement: Par 1B; 1C; 7A(vii); 7B; 8; 9B; 9D, 10A(viii), 13 Multi-Unit Development Agreement: Not Applicable	Items 7, 8, 11, 15 and 16
h. Trademarks and proprietary information	Franchise Agreement: Par 1A; 1B; 1C; 7A(vii); 15B	Item 13 and 14

	Multi-Unit Development Agreement: Not Applicable	
i. Restrictions on products/services offered	Franchise Agreement: Par 11;8A, 8C; 8D; 9B; 9D Multi-Unit Development Agreement: Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Franchise Agreement: Not Applicable Multi-Unit Development Agreement: Not Applicable	Not Applicable
k. Territorial development and sales quota	Franchise Agreement: Par 3 Multi-Unit Development Agreement: Article 3	Item 12
l. Ongoing product/service purchases	Franchise Agreement: 8L, 9B; 9D Multi-Unit Development Agreement: Not Applicable	Item 6 and 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: 8C, 8D, 8E, 8L; 9B Multi-Unit Development Agreement: Not Applicable	Item 11
n. Insurance	Franchise Agreement: 8F	Items 6 and 8

	Multi-Unit Development Agreement: Not Applicable	
o. Advertising	Franchise Agreement: 6, 7A(ix) Multi-Unit Development Agreement: Not Applicable	Items 6, 7 and 11
p. Indemnification	Franchise Agreement: 16 Multi-Unit Development Agreement: Article 17	Item 6
q. Owners' participation/management/ staffing	Franchise Agreement: 9B; 9C Multi-Unit Development Agreement: Not Applicable	Items 11 and 15
r. Records and reports	Franchise Agreement: 8I; 8J Multi-Unit Development Agreement: Not Applicable	Item 6
s. Inspection and audits	Franchise Agreement: Par 7B(i)(2); 8G; 8I; 8J Multi-Unit Development Agreement: Not Applicable	Items 6 and 11
t. Transfer	Franchise Agreement: 12 Multi-Unit Development Agreement: Article 16	Item 17
u. Renewal	Franchise Agreement: 2B	Item 17

	Multi-Unit Development Agreement: Not Applicable	
v. Post-termination obligations	Franchise Agreement: 10E Multi-Unit Development Agreement: Not Applicable	Item 17
w. Non-competition covenants	Franchise Agreement: 8M; 15 Multi-Unit Development Agreement: Not Applicable	Item 17
x. Dispute resolution	Franchise Agreement: 20; 25, 26, 27 Multi-Unit Development Agreement: Articles 15, 22, 23	Item 17

ITEM 10 - FINANCING

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

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

Except as listed below, Happy Cat need not provide any assistance to You.
Pre-Opening Obligations: Prior to the opening of the franchised Happy Cat Hotel®, Happy Cat is obligated under the Franchise Agreement ("F.A.") and the Multi-Unit Development Agreement ('MUDA") to make available to You, or assist You in, the following:

A. Within 30 days after You sign the Franchise Agreement, identification of a territory (geographic area) for the franchised Happy Cat Hotel® [F.A. Par. 7.A. i.].

B. Guidance with respect to site selection [F.A. Par 7Aii] and evaluation of application for site approval and notification of acceptance or rejection of application for site approval within 14 days from date of submission of application. If Happy Cat and You cannot agree on a location, the franchise Agreement may be terminated [FA Par. 7.A.ii] [MUDA, Article 3].
C. Negotiating the terms of the lease or sub-lease, at Happy Cat's sole discretion [FA Par. 7.A.iii.].
D. The selection of approved equipment and fixtures, including POS System [FA Par. 7.A.iv.].
E. Within 30 days after site selection and approval, provide a prototype hotel layout and design, if needed [FA Par. 7.A.v.].
F. Within 30 days after You sign the lease for Your Happy Cat Hotel®, provide initial training for You and Your manager at a location designated by Happy Cat [FA Par. 7.A.vi.].
G. The use of a copy of Happy Cat Operations Manual [FA Par. 7.A.vii.].
H. Information about Proprietary Products and a list of approved suppliers [FA Par. 7.A.viii.].
I. Up to 4 days of grand-opening assistance [FA Par. 7.A.ix.].

Obligations After Opening: After opening of the franchised Cat Hotel, Happy Cat is obligated under the Franchise Agreement to make available to You, or assist You in obtaining, the following:

A. Guidelines and procedures regarding Grand Opening advertising and promotion [FA Par. 7.B.i.].
B. Up to 4 days of on-site assistance during the first year of this Agreement. [FA Par. 7.B.ii (1).].
C. Periodic inspections of the franchised cat hotel at Happy Cat's discretion, to evaluate compliance with system standards [FA Par. 7.B.ii.(2)].
D. Periodic business coaching and strategy sessions, at Happy Cat's sole discretion, to identify any challenges You may have and assist You in limiting or eliminating them.
E. Periodic information and recommendations regarding operations, marketing developments, products, services, techniques, systems and equipment [FA Par. 7.B.iii.].
F. An exchange of information between other franchised Happy Cat Hotels, when possible [FA Par. 7.B.iii].
G. In the future, may establish a national advertising fund and may conduct regional advertising and promotional programs, at Franchisor's sole discretion. [FA Par. 7.B.iv.].
H. Periodically provide updates on its list of approved vendors and approved equipment, fixtures and inventory [FA Par. 7.B.v.].
I. In the future hold conferences from time to time to discuss sales and marketing techniques, training, performance standards, advertising programs and production. [FA Par. 7.B.vi.].

Advertising Programs for Cat Hotels: Presently, Happy Cat does not have an advertising program, but Happy Cat may, in the future, establish an advertising and marketing fund ("HCAF") to be used for the development, production and administration of sales promotional programs for the benefit of all franchisees. Happy Cat will select the media. The type of media and geographical scope has not been determined at this time. The source for the advertising has not been determined at this time. You will not be able to use Your own materials. Happy Cat will have no obligation to spend any amount on advertising in the area or territory where Your Happy Cat Hotel® is located. If and when the HCAF is established, You shall contribute to the HCAF an amount not to initially exceed one percent (1%) of Your Gross Receipts, payable on the 5th calendar day of each month, together with, in the same manner and upon the same basis as the Royalty Fees.

Happy Cat, in its discretion, may increase the HCAF up to two percent (2%) of Your Gross Receipts.
None of the contributions to the HCAF will be used to defray Happy Cat's general operating expenses, except that Happy Cat will be entitled to reimbursement from the HCAF for the actual and estimated costs and expenses incurred by Happy Cat in administering the HCAF.
Happy Cat's related companies will contribute to the HCAF on the same basis as its franchisees.
The HCAF will be audited annually and a statement will be available to any franchisee upon request.
All amounts paid to the HCAF must be expended for the above purposes. None of the funds will be used for advertising that is principally a solicitation for the sale of franchises.
You must, when implemented, contribute the amounts described in Item 6 under the heading "Advertising".
Presently, Happy Cat does not require participation in a local advertising cooperative. Happy Cat may, in the future, decide that there exist a sufficient number of franchisees in one or more marketing regions or Areas of Dominant Influence to form one or more advertising co-ops. You will be required to join a co-op on 30 days' notice. Each co-op shall be organized and governed in a form and manner acceptable to Happy Cat. Happy Cat retains the power to require, at any time, for any reason, amendments to the by-laws of any co-op and the power to require a dissolution or merger with one or more other co-ops.
Each co-op will be able to determine its own voting procedures. Contributions to the co-op will be determined by the co-op's membership. All advertising materials must be approved in advance by Happy Cat.
You are presently required to spend at least 3% of Your Gross Receipts on local advertising. All advertising and promotional materials must be approved in advance by Happy Cat. You are required to permit Happy Cat to verify Your advertising expenditures within ten (10) days of Happy Cat's written request.
You must conduct a grand opening advertising and promotional program commencing at least sixty (60) days prior to the grand opening of your Franchise at a cost to You between $4,000 and $10,000. Happy Cat will furnish You with guidance and procedures regarding this program. All advertising copy and related materials used by You in connection with the Grand Opening Program must be pre-approved by Happy Cat.
There is currently no advertising council composed of Happy Cat Hotel® franchisees.
Computer Reservation System for Happy Cat Hotel®: Before commencement of operations of Your franchised Happy Cat Hotel®, You must purchase the required computer hardware, software, internet connection and service including a reservation booking System. The present cost for a laptop or desktop computer which will accommodate the required software including a System and will support the reservation system, Checkfront, payment gateway and platform (merchant service), website and internet connection is approximately $500- $2,000. The Reservation System is used in Your business in the following ways: (1) to record total hotel room reservations, revenues and to categorize cat food and related items sold to schedule grooming appointments and charge for the grooming services; and (2) to record the date, time and amount of purchases and services. The business information or data that will be collected and generated is as follows: it records room revenues and expenses, categories of cat food items sold and sales taxes collected. It also reflects voids, refunds and payouts. See Item 7 for the cost of the system.
The required computer system and specifications are as follows:

a. Lenovo IdeaCentre AIO 3i (24") 4.7 (764), part number F0EU0002US (or Mac equivalent).

b. Microsoft Office 2016 Home and Business (or Mac equivalent).

You will be solely responsible for the acquisition, operation, maintenance, repair, and upgrading of Your computer system and reservation system. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for Your Reservation System. We currently do not require that You purchase a maintenance, repair, upgrade or update service contract, but we reserve the right to do so in the future.

You shall pay Happy Cat a monthly technology fee of $500. This fee will go towards various software, website, and webcam platforms and maintenance.

You must purchase Your Reservation System Software before commencement of operations at your expense. The present supplier for Happy Cat is Checkfront. The current cost of a service contract with Checkfront Inc. is about $1,200 per year. [FA Par. 8K].

We retrieve from Your Reservation System all data and information we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

We reserve the right to change or upgrade the Reservation System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse You for any of these costs.

Happy Cat Operations Manual: When You complete Your training, Happy Cat will loan You a copy of Happy Cat Operations Manual, which contains mandatory and suggested standards, standard operating procedures and rules, as well as information relating to Your obligation in the operation of the franchised Happy Cat Hotel®. The Operations Manual is confidential and remains Happy Cat's property. Happy Cat has the right to modify this manual, but the modification will not unreasonably increase Your obligations under the Franchise Agreement [FA Par. 7.A.vi.]. The operations manual has a total of 177 pages, and the number of pages for each section are as follows:

- Section 1: Overview: 11 pages
- Section 2: Staff: 36 pages
- Section 3: Daily Operating Procedures: 60 pages
- Section 4: Inventory Management Reporting: 12 pages
- Section 5: Marketing: 14 pages
- Appendix: 40 pages

The table of contents of the Operations Manual is set forth in **Exhibit F**.

Location Selection: You select Your business site, which is a single location within Your Geographical Area, subject to Happy Cat approval. You must select a site within one hundred twenty (120) days after the date of the Franchise Agreement. Happy Cat or its agent will evaluate the following criteria: traffic patterns; proximity to other Happy Cat Hotels; population density; accessibility to transportation centers and visibility; suitability of the site including building layout; zoning issues and general location and neighborhood. Happy Cat will notify You, within 14 business days after You submit Your application, of its acceptance or rejection of the site.

Franchisees typically open their franchised Cat Hotels within 160 to 180 days after they sign the Franchise Agreement. The factors that affect this time are the ability to obtain a lease, financing, building permits, zoning and local ordinances, weather conditions, shortages and delayed installation of leasehold improvements, equipment, fixtures and signs, and completion of required training.

Training Program for Happy Cat Hotel Franchisees: Happy Cat's initial training program is available to all franchisees and their managers. The initial franchisee training program lasts over

a period of Thirteen (13) days (approximately 6 hours per day, 5 days a week). Forty-Six (46) hours of classroom training and instruction will take place at Happy Cat training center, presently located at corporate headquarters, 9a School Street, East Granby, Connecticut. Twenty-Nine (29) hours of in hotel training (which does not include pet grooming) will take place at a company or affiliated company's facility in Connecticut or Your Happy Cat Hotel®. Ten (10) days will be spent in Your Happy Cat Hotel® before opening for business to acquaint You with the equipment, procedures and operations. Optional pet grooming training will cover One Hundred (100) hours of classroom and on the job training. A Franchisee cannot offer pet grooming services unless it completes Happy Cat's pet grooming training, unless the Franchisee holds a current certification from the National Cat Groomers Institute.

The initial training program is mandatory for Happy Cat Hotel Franchisees. You and Your manager must complete the initial training program to Happy Cat's satisfaction.

The initial training program uses the confidential Operations Manual developed by Happy Cat and other materials provided by Happy Cat training staff.

Training will be led by Hillary Lanning, who has been with Happy Cat and our affiliate for 6 years and has a total of 10 years in the cat/pet boarding industry.

The Seventy-Five (75) hour classroom and "hands-on" in hotel initial training program (plus optional grooming training) is not conducted on a regular basis. It will be conducted within 14 days after You have signed a lease for Your Happy Cat Hotel®. Training includes instruction on these subjects:

Approximately 6-hour days, 5 days a week:

TRAINING PROGRAM

Subject	**Hours of Classroom Training**	**Hours of On the Job Training**	**Location**
Orientation	1 hour	1 hour	Windsor, CT
Product knowledge	3 hours	1 hour	Windsor, CT
Housekeeping	4 hours	4 hours	Windsor, CT
Operations	20 hours	20 hours	Windsor, CT
Bookkeeping/ Reservations/ Accounting	7 hours	10 hours	Windsor, CT
Customer relations services	5 hours	5 hours	Windsor, CT
Personnel	3 hours	1 hour	Windsor, CT
Equipment use	2 hours	2 hours	Windsor, CT
Business development, sales and technical	5 hours	1 hour	Windsor, CT
Grooming	20 hours	80 hours	Windsor, CT or other designated location
TOTAL	**70 hours**	**125 hours**	

From time to time, Happy Cat will offer additional training courses dealing with new products, methods, services and other useful information. These courses are mandatory, and will be conducted at Happy Cat Training Center at 9a School Street, East Granby, Connecticut, or at other locations selected by Happy Cat. There will be a charge for these courses of $400 per day, and You must bear the entire cost of travel, room and board, wages and employee benefits while attending the initial training and all additional training courses.

ITEM 12 - TERRITORY

Your franchise agreement is for a specific location that will be approved by us. If You sign a MUDA, we will approve sites for future/additional locations based on our then-current criteria.

A Happy Cat franchise territory ("Geographical Area") will typically consist of the lesser of a geographic area comprising 800,000 people or a 20-mile radius from a franchisee's Happy Cat Hotel. Your Geographical Area remains the same even if the population changes during the term of the Franchise Agreement. Your franchise entitles You to operate only at and from one location in Your Geographical Area. You must receive permission from Happy Cat before relocating within Your Geographical Area.

We grant you an exclusive territory. If the Franchise Agreement is in effect and You are not in default, Happy Cat and its affiliates will not establish a Happy Cat Hotel® within Your Geographical Area. As long as You are not in default of Your Franchise Agreement, Happy Cat and its affiliates will not grant franchises to others or establish company-owned cat hotels selling similar products and services under a different trade name or different trademark (service mark) within Your Geographical Area. Beginning in Your third year of operation, You are required to have an annual minimum sales quota equal to $300,000 of Gross Receipts required to maintain the exclusivity of your Geographical Area. If you fail to meet this quota, we reserve the right to modify Your territorial rights. There are no other circumstances that permit us to modify Your territorial rights.

If you enter into a MUDA You will obtain the right to own and operate a certain number of Happy Cat Hotels in the Development Area where You must open each location in compliance with the Development Schedule. The size of the Development Area will depend upon the number of Happy Cat Hotels you are obligated to open but will vary based on demographics. Provided You comply with the terms of the MUDA, and any Franchise Agreements signed for Happy Cat Hotels within the Development Area, we will not locate another Happy Cat Hotel operating under our Proprietary Marks, whether franchised or company-owned, in Your Development Area.

You must comply with your development obligations in the Development Schedule in order to maintain your Development Area protection. In the event that You fail to meet your development obligations and the MUDA is terminated, You will retain Your rights to any previously owned Happy Cat Hotel franchises, including the territorial rights described in the Franchise Agreement for such locations, provided that the MUDA was not terminated as a result of Your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Happy Cat Hotel for which there is no Franchise Agreement and your exclusivity in the Development Area will terminate immediately upon termination of the MUDA. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

If You sign a MUDA, 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.

There are no restrictions on us from soliciting or accepting orders from consumers inside your Geographical Area. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your Geographical Area using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement or MUDA. You may not use other channels of distribution to make sales and We do not pay any compensation to You for soliciting or accepting orders from inside Your Geographical Area.

There are no restrictions on Your soliciting or accepting orders from consumers outside of your territory; however, You may only sell items from Your Geographical Area. You may not advertise outside of Your Geographical Area unless such advertising is contained in a newspaper, magazine or other print media with general distribution both within and without Your Geographical Area. With Happy Cat's written permission, You may temporarily advertise in Geographical Areas which have not been allocated to another franchise. When You receive notice from Happy Cat that any such Geographical Area has been acquired by a franchisee, You shall immediately cease all advertising except any advertising in print media having general distribution.

Currently, neither Happy Cat or our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those You will offer; however, the franchise agreement does not prohibit us from doing so.

We do not reserve or offer options, rights of first refusal or similar rights to You.

ITEM 13 - TRADEMARKS

Happy Cat grants You the right to operate a cat hotel under the name The Happy Cat Hotel®. You may also use Happy Cat's other current or future Proprietary Marks to operate Your hotel. By "Proprietary Marks", Happy Cat means trade names, trademarks, service marks and logos used to identify Your cat hotel.

You must follow Happy Cat's rules when You use its marks. You cannot use Happy Cat's name or registered marks as part of a corporate name or with modifying words, terms, designs or symbols. You cannot use Happy Cat's name, whether registered or not, in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Happy Cat.

Happy Cat owns the following Marks. They are registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration Number	Registration Date
THE Happy Cat HOTEL	5170122	March 28, 2017
Happy Cat Hotel	5170120	March 28, 2017

Because no federal registration is at least six years old, no affidavits are required at this time. The trademarks have not yet been renewed.
Happy Cat has no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court. Happy Cat has no pending infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark. Happy Cat has no actual knowledge of any superior prior rights or infringing uses which could materially affect your use of such marks. There are currently no effective agreements which limit Happy Cat's right to use or license the use of Proprietary Marks.

You must promptly notify Happy Cat when You learn about an infringement or challenge to Your use of Happy Cat Proprietary Marks. Happy Cat has the right to control any administrative proceedings or litigation involving service marks licensed by Happy Cat to You. Happy Cat will take such action as it deems to be appropriate. The Franchise Agreement does not require Happy Cat to defend or indemnify You against any claim of infringement arising out of Your use of the Proprietary Marks. Happy Cat will not reimburse You for any damages if You lose Your right to use the Proprietary Marks other than Your cost of discontinuing the use of the Proprietary Marks. You must not, directly or indirectly, contest Happy Cat's rights to its Proprietary Marks. Happy Cat does not know of any infringing use that could materially affect Your use of Happy Cat Proprietary Marks in any state.
Happy Cat has no actual knowledge of either superior priority rights or infringing uses that could materially affect a franchisee's use of the Proprietary Marks in any state.
Happy Cat has the right to require You to modify or discontinue Your use of any of the Proprietary Marks upon at least 60 days advance written notice to all franchisees. Your rights under Your franchise agreement will remain unaffected. The Franchise Agreement does not grant You any compensation if Happy Cat Requires You to modify or discontinue Your use of any of the Proprietary Marks.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Happy Cat owns no rights in or to any patents or copyrights which are material to the franchise.
Under the Franchise Agreement, Happy Cat must provide You with one copy of the Operations Manual, on loan when You successfully complete Your training. Happy Cat has not filed an application for registration of its copyright in the manuals, but claims a copyright and treats the information in the manuals as confidential and proprietary.
You must operate Your franchised Cat Hotel strictly in accordance with the Operations Manual as it may be revised by Happy Cat from time to time. You must at all times treat the Operations Manual and the information in it as confidential and proprietary, in accordance with the requirements of Paragraph 8 of the Franchise Agreement.
You may not at any time disclose or copy the information contained in the Operations Manual. The manual shall be kept in a secure place in the franchised hotel.
The Franchise Agreement requires that You will not disclose, during or after the term of the Franchise Agreement, any confidential or proprietary documents or materials of the franchise system, including trade secrets, or the Operations Manual to anyone.

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

If You are an individual, You or Your manager must directly supervise the franchised business on its premises. If You are a corporation, partnership or limited liability company, the direct, on-site supervision must be done by a person who owns at least 51% of the entity. Your manager must complete the training program to Happy Cat's satisfaction and sign the Manager's Agreement, Schedule C of the Franchise Agreement. After a manager's death, disability or termination of employment, You must immediately notify Happy Cat and You must designate a successor who shall sign the Manager's Agreement, Schedule C. Happy Cat may require any successor manager to undergo training by Happy Cat at Your expense.

If You are a corporation, partnership or LLC, each shareholder, partner, or member of the limited liability company shall sign a personal guaranty, the form of which is annexed as Schedule D to the Franchise Agreement, which includes non-competition and confidentiality clauses.

ITEM 16 - RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

You must operate the franchised Cat Hotel in strict conformity with all prescribed methods, procedures, policies, standards and specifications as set forth in the Operations Manual and in writing by Happy Cat from time to time. You must use the location only for the operation of the franchised Cat Hotel and may not operate any other business at or from the location unless Happy Cat approves in writing.

Happy Cat requires You to offer and provide only those services and products that Happy Cat has specified. Happy Cat maintains a written list of approved suppliers of products and services in its Operations Manual, which Happy Cat may change from time to time.

You must offer the services and products that Happy Cat designates as required for all franchisees. The required services are cat hotel services. Fixtures, equipment, cat food, cat litter, apparel, and products used in Your business will be sold through an e-commerce store owned and operated by Happy Cat Products. When You refer customers to the store that can be attributed back to You via affiliate coding within the website, You will be granted a commission of 10%. This is not subject to royalty fees. Occasionally Happy Cat will approve and require You to set up physical displays for various products as marketing for the e-commerce store.

Happy Cat reserves the right to designate additional authorized goods and services in the future and to withdraw any of its previous approvals. In that case, You must comply with the new requirements. There are no limits on Happy Cat's right to do so.

Happy Cat will not restrict You from soliciting any customers (subject to advertising restrictions in Item 12), no matter who they are or where they are located.

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 or Other Agreement	Summary
a.	Length of the franchise term	Franchise Agreement: Par. 2.A. Multi-Unit Development Agreement: 4(a)	Franchise Agreement: Initial term is 10 years from date of Franchise Agreement. MUDA: The MUDA term ends on the date the last Business opens under the development schedule.
b.	Renewal or extension of the term	Franchise Agreement: Par. 2.B.i Multi-Unit Development Agreement: 4(b)	Franchise Agreement: If You are not in default of Your obligations, You can add two successive terms of 10 years. MUDA: No renewal or extension of the MUDA.
c.	Requirements for franchisee to renew or extend	Franchise Agreement: Par. 2.B. Multi-Unit Development Agreement: Not Applicable	a) Sign new agreement; b) pay applicable fee; c) sign release d) remodel; e) maintain occupancy of the premises; f) pay the renewal fee of 36% of the then current Initial franchise fee 30 days prior to renewal. The new agreement may contain materially different terms and conditions from Your previous agreement.
d.	Termination by franchisee	Franchise Agreement: Par. 10.D. Multi-Unit Development Agreement: Not Applicable	If Happy Cat breaches the Franchise Agreement, You may terminate after 30 days' written notice giving Happy Cat the right to cure the breach, provided that Happy Cat does not so cure.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable.
f.	Termination by franchisor with cause	Franchise Agreement: Par. 10.A. and 10.B.	Franchise Agreement: Happy Cat can terminate only if Franchisee defaults. Read the default provisions carefully.

		Multi-Unit Development Agreement: Articles 13 and 14	MUDA: Happy Cat may terminate Your MUDA only if You or Your owners commit one of several listed violations.
g.	"Cause" defined - curable defaults	Franchise Agreement: Par. 10.A. i., 10.A.vii, 10.B.i, 10.B.ii, 10.B.iii., 10.B.v. Multi-Unit Development Agreement: Articles 13 and 14	Franchise Agreement: You can have 15 days to cure: a) failure to comply with agreement or Manual; b) failure to equip Cat Hotel per requirements; c) noncompliance with law; d) failure to submit reports; and e) any other default not listed in Par. 10.A. MUDA: A curable default consists of the breach of any of Your obligations under any agreement with Happy Cat or its affiliates, other than an incurable default, requesting the appointment of a receiver or assigning Your interest may also constitute a curable default. If You do not remedy a curable default within 30 days after notice, Happy Cat may terminate Your Multi-Unit Development Agreement.
h.	"Cause" defined - non-curable defaults	Franchise Agreement: 10.A.ii, 10.Aiii, 10.A.iv, 10.A.v., 10.A.vi, 10.A.viii, 10.A.ix, 10.A.x, 10.A.xi, 10.A.xii, 10.B. iv, 10.B. vi, 10.B. vii, 10.B. viii Multi-Unit Development Agreement: Article 13	Franchise Agreement: Non-curable defaults: a) Conviction of a felony; b) insolvency; c) abandonment; d) under reporting of income; e) impermissible assignment; f) loss of business premises; g) disclosure of confidential information; h) failure to select a site in 120 days; i) denial of necessary license(s) or permit(s). MUDA: Happy Cat may terminate the MUDA if You default in the performance of any of your obligations under the MUDA or any other agreement with Happy Cat or its affiliates, including failure to meet the

			Performance Schedule or to make payments as and when due; You become insolvent; or Happy Cat discovers inaccuracies in any of Your representations in the MUDA.
i.	Franchisee's obligations on termination/non-renewal	Franchise Agreement: Par. 10.F.; 11 Multi-Unit Development Agreement: Article 14	Franchise Agreement: Obligations include a) complete di-identification from Happy Cat; b) payment of amounts due; and c) stop using the Operations Manual. (See r., below) MUDA: You must cease to select or develop any sites for a Happy Cat Hotel or hold Yourself out as a Happy Cat Hotel developer. However, the termination of the MUDA will not affect Your right to open and operate a Happy Cat Hotel under any effective Franchise Agreement.
j.	Assignment of contract by franchisor	Franchise Agreement: Par. 12.A. Multi-Unit Development Agreement:	No restrictions on Happy Cat's right to assign its rights under the Franchise Agreement.
k.	"Transfer" by franchisee – definition	Franchise Agreement: Par. 12.B.; C. & D. Multi-Unit Development Agreement: 16(a)	Franchise Agreement: Includes transfer of contract or assets or ownership change. MUDA: No restriction on Happy Cat's right to assign; we may assign without Your approval.
l.	Franchisor approval of transfer by franchisee	Franchise Agreement; Par. 12.B.; 12.C.	Franchise Agreement: Happy Cat has the right to approve all transfers except to a business entity You form according to our requirements which include Your

		Multi-Unit Development Agreement: Article 16	personal guarantee of the duties and obligations under the Franchise Agreement. MUDA: Happy Cat must approve all transfers; no transfer without Happy Cat's prior written consent.
m.	Conditions for franchisor approval of transfer	Franchise Agreement: Par. 12.B.; 12.C. Multi-Unit Development Agreement: Article 16	Franchise Agreement: a) New franchisee qualifies and Transfer Fee paid. b) Purchase agreement approved. c) Release signed by You. MUDA: You may not transfer any interest in Your MUDA without Happy Cat's express written consent.
n.	Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement: Par. 12.E. Multi-Unit Development Agreement: Not Applicable	Happy Cat can match any offer for Your business
o.	Franchisor's option to purchase franchisee's business	Franchise Agreement: Par. 12.F. Multi-Unit Development Agreement: Not Applicable	Happy Cat may, in its discretion, buy Your business on termination or at Your request for fair market value
p.	Death or disability of franchisee	Franchise Agreement: Par. 12.G. Multi-Unit Development Agreement: 16(e)	Franchise Agreement: Franchise must be assigned by estate within 120 days of death or disability of an individual owner or if the individual owns 50% or more of the entity which owns the franchise.

			MUDA: Must transfer to approved party within 6 months; Happy Cat may operate the Happy Cat Hotel in interim if it is not then managed properly.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement: Par. 15.A. Multi-Unit Development Agreement: Article 12	No involvement in competing business anywhere. No disclosing of confidential information.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement: Par. 15.B. Multi-Unit Development Agreement: Article 12	No involvement in any Cat Hotel at the site or within 20 miles of any franchised or company-owned business for 2 years. No disclosure of confidential information. Payment of $25,000 liquidated damages for breach of non-disclosure duty.
s.	Modification of the agreement	Franchise Agreement: Par. 8.A. iv; Par. 13; Par. 18.B. Multi-Unit Development Agreement: Article 28	Franchise Agreement: No oral modifications generally, but Operations Manual is subject to change periodically. We will not unreasonably increase Your obligations in the Franchise Agreement. MUDA: You and Happy Cat must agree in writing to any modifications to the MUDA.
t.	Integration/merger clause	Franchise Agreement: Par. 24 Multi-Unit Development Agreement: Article 19	Only the terms of the Franchise Agreement and MUDA are binding (subject to state law). Any other promises may not be enforceable. Happy Cat may change the Operations Manual. Any Operations Manual changes will not unreasonably increase Your obligation in the Franchise Agreement or MUDA.

u.	Dispute resolution by arbitration or mediation	Franchise Agreement: Par. 20 Multi-Unit Development Agreement: Article 23	Except for certain claims, all mediation, and arbitration must be conducted in Hartford County Connecticut.
v.	Choice of forum	Franchise Agreement: Par. 25 Multi-Unit Development Agreement: Article 23	Litigation must be in the Superior Court of Hartford or the Federal District Court of Connecticut (subject to state law).
w.	Governing Law	Franchise Agreement: Par. 26 Multi-Unit Development Agreement: Article 22	Connecticut law applies (subject to state law)

ITEM 18 - PUBLIC FIGURES

Happy Cat does not use any public figures to promote its franchise.

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances. The figures below are based on the actual historical financial data gathered for the calendar years 2019, 2020 and 2021 from one Happy Cat Hotel outlet; this outlet is owned and operated by our affiliate, Happy Cat Windsor, LLC, and is located in Windsor, Connecticut. In July 2020, our Happy Cat Hotel outlet operating in East Granby, Connecticut opened, also owned by our affiliate,

Happy Cat Windsor, LLC. The East Granby location is not included within these figures because it is not substantially similar to the Happy Cat Hotel franchise you will be operating; this East Granby location was created to be an overflow location to support out Windsor hotel, and is only partially built with 12 completed rooms in total.

The Windsor, Connecticut Happy Cat Hotel is a 2,100 square foot company-owned outlet featuring eighteen rooms and commenced operation on December 27, 2017. This location directly serves a population of approximately 891,720 residents with a 750 square mile area considered "Hartford County." The year 2021 was this outlet's 4th year of offering grooming services. This Happy Cat Hotel outlet is located near several affluent towns and a significant transportation hub including an international airport and interstate highway access. In addition, we have a long-established network of veterinary referrals based on previous industry involvement.

During this time, this company-owned outlet was impacted by the COVID-19 global pandemic. In 2020, this outlet was approved for a Paycheck Protection Program ("PPP") Loan in the amount of $32,000, which was used towards payroll, rent, and utilities from May 20, 2020 to July 3, 2020.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Happy Cat Windsor - 17 Room	
Gross Sales	
Rooms	206,410
Grooming	119,981
Gift Shop	475
Gift Certificate	515
Add-Ons / Room Service	20,862
Total Gross Sales	**$348,243**
Cost of Goods Sold	
Feight & Delivery	0
Merchant Processing Fees	8,559
Pet Supplies	3,506
Mileage & Auto	0
Veterinary Services	42
Cost of Goods Sold - Other	171
Total Cost of Goods Sold	12,278
Costs of Labor	
Hotel Staff Wages	127,305
Payroll Taxes	15,126
Total Costs of Labor	142,431
Total COGS	**$154,709**
Gross Profit	**$193,534**
Expense	
Advertising & Marketing	12,905
Accommodation Expenses	20,705
Business Administration	11,432
Legal & Professional Services	600
Salaries and Benefits - Admin	1,495
Technology Fee	6,000
Royalty @ 6%	20,895
Total Expense	**$74,032**
Gross Sales Less Expenses	**$119,502**

Table 1

Gross Sales Data from the Windsor, CT Company-Owned Location

Gross Sales	Jan 1 - Dec 31, 2019	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2021
Total Sales	**$323,376**	**$233,914**	**$348,243**
Rooms	$259,126	$131,721	$206,410
Grooming	$44,618	$79,650	$119,981
Gift Shop	$2,474	$2,528	$475
Gift Certificate		$9,900	$515
Add-Ons / Room Service	$17,158	$10,115	$20,862

Table 1 Notes:

1. "Gross Sales" means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns from sales initiated in calendar year 2020.

Table 2

Room Reservation Data for the Windsor, CT Company-Owned Location

Time Period	Nights Booked	Available Room Nights	Room Reservations	Average Night Stay	Average Reservation with Grooming
1/1/20 to 12/31//20	2,433	6,570	351	6.9	$439
1/1/21 to 12/31/21	3,176	6,205	482	6.6	$474

Table 3

Grooming Services Data for the Windsor, CT Company-Owned Location

Calendar Year	Grooms Booked	Available Grooms	Groom Revenue	Avg. Groom Ticket
2020	882	936	$79,650	$87
2021	1228	1664	$119,981	$92

Table 4

Nail Trim Data for the Windsor, CT Company-Owned Location

Calendar Year	Nail Trim Booked	Available Trims	Trim Revenue	Avg. Trim Ticket
2020	138	Unlimited	$3,107	$23
2021	303	Unlimited	$7,235	$24

Table 5

Monthly Gross Receipts for the Windsor, CT Company-Owned Location

Month	2019	2020	2021
January	$25,751	$24,461	$14,444
February	$13,497	$27,752	$12,932
March	$23,417	$34,246	$13,165
April	$21,104	$8,795	$25,068
May	$25,953	$14,312	$27,638
June	$32,242	$13,949	$38,188
July	$37,820	$31,586	$45,947
August	$33,866	$27,286	$44,932
September	$26,624	$11,830	$29,705
October	$28,929	$17,273	$32,205
November	$23,432	$11,053	$30,746
December	$30,741	$11,371	$33,273
	$323,376	**$233,914**	**$348,243**

Table 5 Notes:

1. The data shown in this table shows the Gross Sales collected for the period of January 1, 2019 through December 31, 2021 and highlights the seasonal swells along with the impact from the COVID-19 global pandemic in the spring of 2020.

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any other representations either orally or in writing. If You are purchasing an existing outlet, however, we may provide You with the actual operating results 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 our President, Christopher Raimo, c/o Happy Cat Franchising, LLC, 9a School Street, East Granby, CT 06026 (844) 422-8386, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System wide Outlet Summary
For Fiscal Years 2019-2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	1	+1
Affiliate Owned	2019	1	1	0
	2020	1	2	+1
	2021	2	2	0
Total Outlets	2019	1	1	0
	2020	1	2	+1
	2021	2	3	+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Fiscal Years 2019-2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Connecticut	2019	0
	2020	0
	2021	0
TOTAL	2019	0
	2020	0
	2021	0

Table No. 3
Status of Franchised Outlets
For Fiscal Years 2019-2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
VA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Totals	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1

Table No.4
Status of Company Owned Outlets
For Fiscal Years 2019-2021

State	Year	Outlets at Start of year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Connecticut	2019	1	0	0	0	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2
Totals	2019	1	0	0	0	0	1
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2

Table No.5
Projected Openings as of December 31, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Colorado	0	1	0
Connecticut	0	1	0
Florida	0	2	0
Georgia	0	1	0
Massachusetts	0	1	0
New Mexico	0	1	0
New York	0	1	0
Texas	0	2	0
Virginia	0	1	0

Total	**0**	**11**	**0**

Attached as **Exhibit C** are the names, addresses and telephone numbers of all franchisees as of December 31, 2021.

There were no franchisees which were transferred, terminated, not renewed, re-acquired by Happy Cat or otherwise reasonably known by Happy Cat to have ceased doing business during the three (3) fiscal years prior to the effective date of this Disclosure Document.

There were no franchisees who have not communicated with Happy Cat within ten (10) weeks of the effective 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.

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

ITEM 21 - FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Attached as **Exhibit B** are our audited financial statements as of December 31, 2020 and December 31, 2021 and our unaudited balance sheet dated July 31, 2022 and our unaudited profit and loss statement from January 1, 2022 to July 31, 2022. Our fiscal year end is December 31.

ITEM 22 - CONTRACTS

A copy of the Franchise Agreement is attached as **Exhibit A** and all the following exhibits to it which are called Schedules:

Schedules to Franchise Agreement

Geographical Area	**Schedule A**
Conditional Assignment of Lease	**Schedule B**
Confidentiality and Non-Compete Agreement for Employees	**Schedule C**
Personal Guaranty	**Schedule D**
Automated Clearing House Payment Authorization	**Schedule E**
SBA Addendum and State Specific Addenda to the Franchise Agreement and Multi-Unit Development Agreement	**Schedule F**

A copy of the Multi-Unit Development Agreement is attached as **Exhibit D**.

ITEM 23 - RECEIPTS

The last two pages of this Disclosure Document are detachable duplicate Receipts that serve as an acknowledgment of Your receipt of a copy of this Disclosure Document. You should sign both copies of the Receipt and return one copy to us.

EXHIBIT A
Franchise Agreement

HAPPY CAT FRANCHISING, LLC

FRANCHISE AGREEMENT

HAPPY CAT FRANCHISING, LLCHAPPY CAT FRANCHISING, LLCHAPPY CAT FRANCHISING, LLC

FRANCHISE AGREEMENT

This Agreement, made and entered into by and between **HAPPY CAT FRANCHISING, LLC**, a Connecticut limited liability company which maintains its principal place of business at 9a School Street, East Granby, CT 06026, Telephone: (844) 422-8386 ("Happy Cat") and _____, a ☐ corporation ☐ limited liability company ☐ partnership ☐ individual (check appropriate box) located at _____, Telephone: (____) _____-_____, ("You").

WHEREAS, Happy Cat is the owner of certain trade names, trademarks, service marks and logos, including **THE HAPPY CAT HOTEL®** service mark, trademark, trade name and logo; and

WHEREAS, Happy Cat, as a result of the expenditure of time, skill, effort and money has developed and owns a system relating to the establishment, development and operation of boarding facilities for cats in "cat hotel like" locations, the distinguishing characteristics of which system includes, without limitation, special marketing and advertising methods, unique surroundings, atmosphere, decor and trade dress, operating procedures and materials, training and assistance, all of which may be modified, or further developed by Happy Cat from time to time; and

WHEREAS, Happy Cat has achieved a reputation with the public for high-quality services and products available at the cat hotels, which reputation has created substantial good will which has been, and continues to be, a unique benefit to Happy Cat and its franchisees; and

WHEREAS, You recognize the benefits to be derived from being identified with and licensed by Happy Cat, and being able to utilize the system, names and marks which Happy Cat makes available to its franchisees; and

WHEREAS, You desire, upon the terms and conditions herein set forth, to enter into the business of operating a franchise at a single location under the trade name, service mark **HAPPY CAT HOTEL®** and of marketing these goods, services and methods of the type and quality approved by Happy Cat, all under the guidance of and in accordance with the standards of service, quality and cleanliness set forth and/or approved by Happy Cat; and

WHEREAS, Happy Cat is ready and willing to grant a license to You for the operation of one franchise upon the terms and conditions hereinafter set forth:

1. THE FRANCHISE

A. *Grants and Reservations*. Happy Cat grants to You, and You accept from Happy Cat, during the term of this agreement, a license to operate a single unit franchised cat hotel at a single location at Your premises within only the Geographical Area set forth in **Schedule A**, attached hereto and made a part hereof (subject to certain exceptions hereinafter set forth), upon the terms and conditions hereinafter set forth together with the right to use in connection therewith, The

Happy Cat Hotel® trademarks, service marks, insignias, trade secrets, copyrights, proprietary products, logos, trade names and the like, which are currently in use or hereafter used, and its advertising and merchandising methods, provided You shall adhere to the terms and conditions hereof. Happy Cat expressly reserves the right to distribute and sell (or license others to distribute and sell), at wholesale, all of its proprietary products identified by brand names, including cat food and cat litter and other products it has developed or may in the future develop, through alternative channels of distribution at any location, whether or not in Your geographical area, which products may be resold at retail to the general public. If You are a corporation, partnership or LLC, each shareholder, partner, or member of the limited liability company shall sign a personal guaranty, the form of which is annexed as **Schedule D**.

B. *Nature of Franchise*. Happy Cat gives and grants to You a license, only in the Geographical Area described in **Schedule A**, to use the service marks and to use The Happy Cat Hotel® trade names, trade secrets, copyrights, insignias, logos, systems and procedures and other items of a similar nature solely for the operation of a single Happy Cat Hotel® in accordance with the terms and conditions set forth herein.

The Happy Cat concept features a cats only boarding facility in individually themed, luxury style rooms with full care services, reminiscent of traditional hotel practices for individuals. A variety of amenities are offered including room service, climbing trees, wall climbing systems, hammocks and couches. Reservations are made online or by telephone.

You will utilize the forms, systems, procedures and techniques authorized by Happy Cat. You agree to use Happy Cat service marks, trademarks, trade names and logos (Proprietary Marks) for only the promotion and conduct of the franchised business and in accordance with the procedures prescribed by Happy Cat from time to time. In addition, You agree that You will not use any name, logo or mark in connection with the sale of any unauthorized product or services, or in any manner not explicitly approved in writing by Happy Cat.

C. *Your Agreement as to Proprietary Marks.* You acknowledge the validity of The Happy Cat Hotel® Proprietary Marks and that the same are the property of Happy Cat. You shall not place (or permit anyone else to place) any names or marks, other than approved Proprietary Marks on any packages, containers, wrappers, products, documents, marketing and promotional materials or other materials which You obtain from Happy Cat or from third parties.

i. Under this Franchise Agreement ("the Agreement"), Happy Cat grants to You the right to operate a franchise under the trade name and logo **HAPPY CAT HOTEL®** and under any other trade name, Proprietary Marks and logo currently used or that may hereinafter be used by Happy Cat in the operation of the franchise.

Home Sweet Home Pet Care LLC registered the above service mark on the principal register of the U.S. Patent and Trademark Office on March 28, 2017, Registration No. 5170120. A second service mark, The Happy Cat Hotel®, word mark and design, was registered March 28, 2017, Registration No. 5170122. Both service marks where assigned to Happy Cat Hotel Franchising Inc. on December 27, 2017.

You must use all names and Proprietary Marks in full compliance with this Agreement and the policies prescribed from time to time by Happy Cat. You are prohibited from using any of Happy Cat names or Proprietary Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed by Happy Cat to You). In addition, You may not use any name or mark in connection with the sale of any unauthorized product or service or in any other manner not expressly permitted in writing by Happy Cat.

ii. Happy Cat claims common law rights with respect to the service marks, trade names, logo types and commercial symbols listed above arising from its use, protection and enforcement of such marks from the date of their first use, which was at least as early as November 15, 2014.

iii. Happy Cat does not provide for any form of compensation or payment to You if You lose Your right to continue to use Happy Cat Proprietary Marks.

iv. In the event of any claim of infringement of, or challenge to, Your use of any name or mark, You shall promptly notify Happy Cat of any claim, demand or suit based upon or arising from any attempt by such a person, firm, or corporation to use the Proprietary Marks licensed hereunder, or any variation thereof, in which Happy Cat has a proprietary interest. You also agree to promptly notify Happy Cat of any litigation instituted by any person, firm, corporation or governmental agency against Happy Cat or You involving Happy Cat Proprietary Marks. Happy Cat has the right, but not the obligation, to control any administrative proceedings or litigation involving service marks licensed by Happy Cat to You. However, if a claim, demand or suit is brought against You, You will be responsible for all legal fees and costs irrespective of whether Happy Cat elects to control the defense. In the event Happy Cat elects to undertake the defense of any litigation relating to the Proprietary Marks, or join in the prosecuting of any pending applications, You agree to cooperate with Happy Cat and execute any and all documents and do such acts and things as may, in the opinion of legal counsel for Happy Cat, be necessary to carry out such defense or prosecution.

You acknowledge Happy Cat's ownership of the Proprietary Marks and expressly agree that, during the time of the Franchise Agreement and after expiration or termination thereof, You shall not directly or indirectly contest or aid in contesting the validity of said Proprietary Marks or Happy Cat ownership thereof, or take any action whatsoever in derogation of Happy Cat claimed rights therein.

You understand and agree that Your right to use the Proprietary Marks is not exclusive in that Happy Cat, in its sole discretion, may grant other licenses to use such Proprietary Marks and commercial symbols and may develop and license other marks in conjunction with the sale of Happy Cat products and services on such terms and conditions as Happy Cat, in its sole discretion, deems advisable.

It is expressly recognized that any and all good will associated with and identified by the Proprietary Marks shall inure directly and exclusively to the benefit of Happy Cat

and is the property of Happy Cat and that, upon the transfer, expiration or termination of this Franchise Agreement, no monetary amount shall be assigned or attributable to any good will with respect to Your use of the Proprietary Marks.

In order to assist You in the operation of Your business and in the use of the Proprietary Marks, to preserve the validity and integrity of the Proprietary Marks, to assure that You are properly employing same in the operation of Your business, and to assure that You are operating Your business in accordance with the terms of the Franchise Agreement, Operations Manual, Happy Cat or its agents shall, during normal business hours, have the right to inspect Your business records and business operations and use of said name, mark and symbols.

Happy Cat has the right to require You to modify or discontinue Your use of any Proprietary Marks upon at least sixty (60) days advance notice to You.

All Guarantors shall be bound by the provisions of this Section C.

2. TERM

A. *Initial Term.* This Agreement shall take effect upon its execution by all parties thereto and unless terminated pursuant to its provisions, the Agreement will remain in effect for ten (10) years from the date of execution of the Agreement.

B. *Renewal of the Franchise.*

i. You shall be granted the right to renew the Agreement for two additional ten (10) year periods pursuant to the then-current terms and conditions available to all similarly situated new and renewing franchisees. The renewal agreement must be effected by the execution by You of Happy Cat's then-current Franchise Agreement and all other agreements, legal instruments and other documents customarily used by Happy Cat in the granting of franchises including the personal guarantee of the principals of any entity. These agreements, legal instruments and documents may vary materially from those presently in use. There shall be a renewal fee of 36% of the then current Franchise Fee, payable thirty (30) days prior to the renewal date. Your written application for renewal shall be received by Happy Cat not less than six (6) months nor more than one (1) year prior to the expiration date of current term of this Franchise Agreement. You must sign a general release prior to renewal.

If a Franchisee properly elects to renew this Agreement for both additional ten year periods, and thus operates the franchise for 30 years, Happy Cat and the Franchisee reserve the right to mutually agree to renew the franchise for an additional term or terms.

ii. Renewal of the Franchise Agreement is granted subject to the following requirements:

(1) That the equipment, fixtures, design, decor and trade dress used in

connection with the operation of Happy Cat Hotel® meets the then-existing specifications and standards of Happy Cat, or You will refurbish and re-equip so as to comply with Happy Cat's then-current standards and specifications.

(2) Happy Cat may refuse to renew the Agreement if, on the renewal date, You are in default of our obligations (including monetary obligations) under the Agreement, or if You have lost Your ability and right to occupy the premises from which the business is being operated, due to default, or otherwise, and You are unable to secure a substitute location acceptable to Happy Cat, which acceptance will not be unreasonably withheld, provided that the new cat hotel complies with all the current standards and specifications as provided in the Operations Manual.

(3) The renewal must be effected by the execution by You and Happy Cat of the then-current Renewal Franchise Agreement and all other agreements, legal instruments and documents then customarily used by Happy Cat in the grant of franchises including the personal guarantee of the principals of any entity. These agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by Happy Cat.

(4) 30 days before each renewal date, You shall pay Happy Cat the renewal fee equal to Thirty-Six percent (36%) of the then-current franchise fee.

3. TERRITORIAL RIGHTS

You will be granted a territory (Geographical Area) which will be delineated in the Agreement (**Schedule A** annexed hereto).

Happy Cat plans to sell franchises at the rate of one franchise per population that typically consists of the lesser of 800,000 people or a 20-mile radius from a franchisee's Happy Cat Hotel. It reserves the right to make modifications to the standard in accordance with prevailing business conditions. Demographic matters, including determination of the size of the population in a given area, may be prepared by a professional demographic consultant selected by Happy Cat.

As long as You are not in default of the Agreement, Happy Cat will not grant franchises to others or establish company owned cat hotels selling similar products and services under a different trade name or different trademark or different service mark within the Geographical Area specified in the Agreement.

As long as You are not in default of the Agreement, Happy Cat shall not establish or permit an affiliate to establish either a company owned cat hotel or another franchise within Your Geographical Area. Beginning with Your third year of operation, You must achieve three hundred thousand dollars ($300,000.00) of Gross Receipts per year to maintain the exclusivity of your Geographical Area. If you fail to achieve the minimum Gross Receipts referenced herein during any year beginning with your third year of operation, we reserve the right to modify Your territorial rights or otherwise establish a company owned cat hotel or another franchise within Your Geographical

Area. Relocation of the franchise requires the prior written approval of Happy Cat. You may operate one franchised business only at Your approved location within the Geographical Area.

Happy Cat and other franchisees are restricted from advertising their Happy Cat Hotel® in Your Geographical Area, except when such advertising is contained in media with general distribution in Your Geographical Area. Nevertheless, Happy Cat reserves the right to create promotional programs which call for participation by a number of franchisees in one or more designated marketing areas in order to take advantage of economies of scale and in an effort to minimize advertising expenses. With the written permission of Happy Cat, You may temporarily advertise in Geographical Areas which have not been allocated to a franchise. When You receive notice from Happy Cat that any such Geographical Area has been acquired by a franchisee, You shall immediately cease all advertising, except any advertising in the print media having general distribution.

Happy Cat reserves the right to distribute and sell (or license others to distribute and sell) at wholesale, its Proprietary Products, including cat food and cat litter, identified by brand name, through alternative channels of distribution at any location, which products may be re-sold at retail to the general public.

4. INITIAL FEES

A. *Initial Franchise Fee*: When You sign this Agreement, You will pay us an initial franchise fee in full (the "Franchise Fee"), which we will not refund and is deemed fully earned by Happy Cat upon payment. The Franchise Fee is Forty-Five Thousand Dollars ($45,000.00) to enter into this Agreement.

B. *Project Management Fee:* When you sign the Agreement, You shall pay Happy Cat a Project Management Fee of Twenty Thousand Dollars ($20,000.00) for our Happy Cat Project Manager to assist you with the construction of your franchised cat hotel for a maximum of sixty (60) hours. Any additional support from the Project Manager beyond 60 hours is available at a cost of between $100–$125 per hour (at Happy Cat's discretion) and will be billed directly to you. You will have to enter into separate written agreements with the architect containing terms and conditions over which Happy Cat has no control. The Project Manager may be an independent contractor or an employee of Happy Cat.

5. ROYALTY FEES

You shall pay to Happy Cat a Royalty Fee payable on the fifth (5th) calendar day of each month, based upon the following schedule:

a. First three (3) months of operation – no royalty fees are required to be paid; and
b. Thereafter, six percent (6%) of Your Gross Receipts.

"Gross Receipts" shall mean all of Your revenue and receipts, including those sold by trade, barter or exchange. Gross Receipts exclude: sales, use or privilege taxes paid to the appropriate taxing authority, and refunds that are provided to clients.

You shall report Gross Receipts by email to Happy Cat on the first (1st) day of the month for sales made for the immediately preceding semi-month and on the sixteenth (16th) day of the month for sales made the then-current semi-month, and shall submit reports generated by Checkfront showing Gross Receipts by the fifth (5th) calendar day of each month on forms approved by Happy Cat for reporting such information. Happy Cat will deposit into its account Your pre-authorized drafts for the amounts then due. If You fail to report Your Gross Receipts as required, Happy Cat may estimate them or access your Checkfront account and pull reports as desired, and deposit into its account Your pre-authorized drafts for the amounts estimated to be then due.

The Royalty Fees are non-refundable and are not collected on behalf of or payable to a third party.

6. ADVERTISING FEES

A. *Advertising and Marketing Fund:* Happy Cat reserves the right to establish and conduct an advertising and marketing fund. If and when this fund is established, You shall contribute to the Happy Cat Advertising Fund ("HCAF") amounts not to initially exceed one percent (1%) of Your Gross Receipts, payable on the 5th calendar day of each month, together with, and in the same manner and upon the same basis as the Royalty Fees. Happy Cat, in its discretion, may increase the HCAF up to two percent (2%) of Your Gross Receipts.

Happy Cat uses the contributions to the HCAF in its sole discretion for the development, production and administration of advertising and sales promotional programs for the purpose of promoting and enhancing the collective success of all cat hotels in the System. The final selection of media, and for local for media placements, whether or not You directly benefit, is in the sole discretion of Happy Cat. None of the funds will be used to defray Happy Cat general operating expenses, and Happy Cat does not gain or profit from the HCAF. However, Happy Cat is entitled to reimbursement from the HCAF for its cost of administration of the HCAF, including office expenses, accounting, bookkeeping and travel expenses. Happy Cat's administration expenses do not include any obligation to administer its advertising programs or marketing expenses. Happy Cat will contribute to the HCAF on the same basis as its franchisees.

B. *Local and Regional Advertising:* You are required to spend at least three percent (3%) (subject to adjustment as set forth above) of Your Gross Receipts on local advertising in addition to the contribution to the HCAF. You agree to permit Happy Cat to verify said expenditures within ten (10) days after Happy Cat's written request to do so.

Happy Cat, in its sole discretion, may decide that there exists a sufficient number of franchisees in one or more marketing or trade areas (e.g., Areas of Dominant Influence) to form an advertising co-op ("Co-op") or co-ops. In such case, Happy Cat shall have the right to require that the franchisees form one or more local, regional, state or national Co-ops which You must join within thirty (30) days after receipt of Happy Cat's written notice.

Each Co-op shall be organized and governed in a form and manner acceptable to Happy Cat, and shall commence operation on a date approved in advance by Happy Cat. Happy Cat retains the power, at any time and for any reason, to require any Co-op to make amendments or changes to its by-laws and rules, and the power to require dissolution or merger with one or more other Co-ops.

Your contribution to the Co-op will be determined by the membership thereof. Your obligation to make local advertising expenditures will be reduced by the amount of Your contributions to the Co-op.

All local and regional advertising and promotional materials must be pre-approved by Happy Cat. If Happy Cat does not consent in writing within fourteen (14) days of receipt of Your request for approval, the materials shall be deemed to be approved.

C. *Grand Opening Program:* You shall conduct a grand opening advertising and promotional program for the cat hotel commencing at least sixty (60) days prior to the grand opening of your Franchise. Happy Cat shall furnish guidance and procedures to You with respect to grand opening advertising and promotion as Happy Cat deems appropriate. You shall expend at least Four Thousand Dollars ($4,000.00) to the Grand Opening Program. You shall submit to Happy Cat copies of all bills, receipts and invoices reflecting the expenditures for said Grand Opening Program. Happy Cat shall pre-approve all advertising copy and other materials employed by You in connection with the Grand Opening Program.

D. *Fees Uniform; Non-Refundable:* The advertising fees payable to Happy Cat are uniform to all persons currently acquiring a franchise and are non-refundable.

7. HAPPY CAT'S OBLIGATION TO PERFORM SERVICES

A. *Pre-Opening Assistance.* The obligations to be performed by Happy Cat prior to the opening of the franchised business are:

i. Within 30 days after You sign the Franchise Agreement, Happy Cat shall define and/or identify a territory (Geographical Area) for the franchised cat hotel.

ii. While You must select the business site, Happy Cat may provide guidance with respect to site selection based upon an evaluation of a number of factors such as an analysis of traffic patterns, proximity to other cat hotels or cat boarding facilities, condition of the buildings and site, visibility, accessibility to transportation centers, suitability of the site, zoning matters, population density and general location and neighborhood. Happy Cat reserves the right to approve or disapprove of any proposed site at its sole discretion. Happy Cat does not guarantee the success of the location. If Happy Cat and You cannot agree on a location, the franchise Agreement may be terminated.

iii. Happy Cat reserves the right to approve the terms of the lease of the premises for the franchised business, and may provide assistance in negotiating the terms of the lease at its sole discretion. Happy Cat does not guarantee the success of lease negotiations.

iv. Happy Cat shall provide assistance to You with the layout of the hotel, the selection of approved equipment and fixtures. The cost of leasehold improvements, furniture, fixtures and equipment are Your responsibility.

v. Within 30 days after site selection is approved, Happy Cat shall provide You with a typical cat hotel layout, design criteria and standards for the franchised business premises, but Your architect and/or engineer shall prepare plans and specifications at Your expense and utilize Happy Cat design standards and criteria.

vi. Within thirty (30) days after You sign the lease for Your cat hotel, Happy Cat shall train You and Your manager in the operation of the franchise. You and the manager must complete the initial training to Happy Cat's satisfaction.

vii. You shall complete Cat Grooming Training to Happy Cat's satisfaction and You will pay an additional fee of $4,500 for Cat Grooming Training. The training will cover 100 hours of classroom and on the job training. A Franchisee cannot offer pet grooming services unless it completes Happy Cat's pet grooming training, unless the Franchisee holds a current certification from the National Cat Groomers Institute.

viii. When You successfully complete Your initial training, Happy Cat shall loan You one copy of the Operations Manual containing mandatory and suggested standards, standard operating procedures, rules and specifications prescribed from time to time by Happy Cat as well as information relative to Your other obligations under this Agreement in the operation of the franchise. This Operations Manual will remain confidential and proprietary and the property of Happy Cat. Happy Cat will have the right to add to and otherwise modify the Operations Manual from time to time as it deems necessary.. Happy Cat reserves the right to create additional manuals relating to various facets of the business which it will loan to You for Your use. If an Operations Manual is lost, stolen or destroyed, You may obtain a new manual at a non-refundable price set by Happy Cat, not to exceed One Hundred Fifty Dollars ($150.00) per manual (as adjusted by any increase in the CPI [as defined in Paragraph 30 of the Franchise Agreement]), payable on receipt of each Manual.

ix. Happy Cat shall provide You with a list of its proprietary products, a list of approved suppliers and vendors, and access to your franchisee supply portal where most products can be found. as may be amended or modified from time to time.

x. Happy Cat will approve or disapprove any advertising, promotional and/or marketing materials You propose to use within fourteen (14) days after receipt. If Happy Cat does not timely respond, the materials are deemed to be approved.

A. *Post-Opening Assistance:* The obligations to be performed by Happy Cat during the operation of the franchised business are:

i. Happy Cat shall furnish guidelines and procedures to You with respect to Grand

Opening advertising and promotion as Happy Cat deems appropriate. The Grand Opening advertising and promotion program is more fully set forth in Paragraph 6, subparagraph C.

(1) Happy Cat shall consult with You with respect to any problems or difficulties You encounter in the operation of the franchised business as follows: during the first year of this Agreement, Happy Cat, at its expense, will provide, upon Your request (or at Happy Cat's discretion) a representative of Happy Cat to assist You for a period of no more than four (4) days. If You require assistance in addition to four days during the first year of this Agreement, or at any time after the first year of this Agreement, You will compensate Happy Cat representatives on a per diem basis in accordance with standard fees set forth and modified from time to time by Happy Cat, payable thirty (30) days after date of billing. If You request assistance from Happy Cat, You will reimburse Happy Cat for its representatives' travel, lodging and meals.

(2) In addition, periodically a representative of Happy Cat may visit Your cat hotel to inspect the premises. Happy Cat may choose to provide You with periodic evaluations of Your compliance with Happy Cat performance standards with respect to management, operations, quality, efficiency, sanitation, cleanliness and conditions.

ii. Happy Cat will, from time to time, in its sole discretion, make a reasonable effort to provide You with information and recommendations concerning management and operation, including marketing developments, products, services and techniques, systems, software, hardware and equipment, and in addition, will in its discretion supply You with an exchange of information between other franchised cat hotels when possible and available.

iii. Happy Cat may, in the future, establish a national advertising fund and formulate and conduct regional advertising and promotional programs (including Your market area).

iv. Happy Cat will periodically update its approved supplier list and sources of supply for cat food products and supplies, and will update its list of approved equipment, fixtures and inventory.

v. Following the opening of the franchise, Happy Cat may in its own discretion, hold conferences from time to time to discuss matters such as sales and marketing techniques, training of personnel, performance standards, advertising programs and production. You are required to attend all such conferences, and shall bear all expenses of attending them.

Happy Cat plans to offer, from time to time, additional training courses dealing with products, methods, services and other information useful to franchisees. These courses are mandatory and will be conducted at Happy Cat Training Center at 9a School Street, Windsor, Connecticut or other locations selected by Happy Cat. There will be a charge for these courses of $400 per day per attendee of the Franchisee. Also, You must bear the entire cost of travel, room and board and wages and employee benefits while attending both the additional training and the additional courses.

8. DUTIES OF FRANCHISE

A. *Compliance with Manuals.* You understand and acknowledge that every detail of the system is important to You, Happy Cat, and other franchisees in order to develop and maintain superior products and services provided by all franchisees, and to protect Happy Cat's reputation and good will. You, therefore, shall comply with all requirements set forth in this Agreement and in the Operations Manual.

i. In order to protect the reputation and good will of Happy Cat and to maintain high standards of operation under Happy Cat Proprietary Marks, You shall strictly conduct Your business in accordance with the Operations Manual.

ii. You shall at all times treat the Operations Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential and proprietary, and shall use all reasonable efforts to maintain such information as secret and confidential. You shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person without Happy Cat's express written permission.

iii. The Operations Manual shall at all times remain the sole property of Happy Cat and shall at all times be kept in a place on Your premises not accessible by management or staff.

iv. Happy Cat may, in its sole discretion, from time to time revise the contents of the Operations Manual, and You expressly agree to comply with each new or changed standard so long as the revisions do not conflict with this Agreement. Any such changes will not unreasonably increase Your obligations in the Franchise Agreement.

v. You shall at all times insure that Your copy of the confidential Operations Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the confidential Operations Manual, the terms of the master copy of the confidential Operations Manual maintained by Happy Cat at Happy Cat headquarters shall be controlling.

B. *Completion of Training.* Prior to commencement of operating the franchised business, You and Your manager shall attend and successfully complete Happy Cat initial training program as described in Paragraph 7D of this Agreement.

C. *Operation Pursuant to Manual.* You shall establish, maintain, and operate the Franchised Business only in the proper manner, as specified by Happy Cat, in this Agreement, in the confidential Operations Manual, or otherwise in writing, in order to properly service Your customers. You shall not operate any other business at or from the location of Your franchised business.

D. *Sanitation; Cleanliness.* You shall operate Your business in strict conformity with all prescribed methods, standards, and specifications as Happy Cat may from time to time set forth in the Operations Manual, or otherwise in writing, to insure that the highest degree of quality, service, sanitation and cleanliness is uniformly maintained.

E. *Repairs.* You shall maintain, repair and replace all furnishings, fixtures, equipment, and decorations in accordance with Happy Cat standards, as set forth in the Operations Manual.

F. *Insurance.* You shall procure and maintain insurance policies protecting Happy Cat and You according to the minimum requirements specified in the Operations Manual, which may be amended in Happy Cat's sole discretion from time to time.

All insurance policies shall be written by insurance companies satisfactory to Happy Cat and shall name Happy Cat Hotel Franchising Inc. as an additional insured. During the term of this Agreement, Happy Cat reserves the right to change required coverages and minimum amounts.

Both You and we waive any and all rights of recovery against each other and our respective officers, employees, agents and representatives for damage to the waiving party or for loss of its property or the property of others under its control, to the extent that the loss or damage is covered by insurance. To obtain the benefit of our waiver, you must have the required insurance coverage in effect. When you are obtaining the policies of insurance required under this section, you must give notice to your insurance carriers that the above mutual waiver of subrogation is contained in this Agreement. This obligation to maintain insurance is separate and distinct from Your obligation to indemnify Happy Cat under the provisions of Paragraph 16 of this Agreement.

G. *Permit Access.* You shall grant Happy Cat access to the franchised cat hotel at such times during business hours as Happy Cat shall reasonably request in order to assure itself of compliance by You with the provisions of this Agreement and/or to examine Your books and records to verify Your Gross Receipts from the franchised cat hotel and to make periodic inspections of the premises.

H. *Commence Operation.* You shall commence the operation of The Happy Cat Hotel® within one hundred eighty (180) days of the date of this Agreement at a site located by You and approved in writing by Happy Cat. If the franchise is not operating within one hundred eighty (180) days of the date of the Franchise Agreement, the Franchise Agreement will expire without further notice, except when extended in writing by Happy Cat. Happy Cat may, at its sole and absolute discretion, extend the time period for You to commence operation of the Franchise.

I. *Submit Financial Statements.* You shall submit to Happy Cat an annual certified financial statement as to Gross Receipts, which statement shall be prepared by a certified public accountant, within ninety (90) days after the close of Your fiscal year. You may also be required to provide uncertified quarterly financial reports within thirty (30) days written notice to You by Happy Cat.

J. *Maintain Books and Records.* You shall keep full, complete, and accurate books and accounts in accordance with generally accepted accounting principles. You shall submit to Happy Cat semi-monthly, a signed statement of Gross Receipts for the preceding period. If You fail to

report Your Gross Receipts on a timely basis, Happy Cat may estimate Gross Receipts in calculating royalties and advertising fees due. If You fail to remit when due any payments required under this Agreement, You agree to pay all collection costs, reasonable attorney's fees and interest on the unpaid amount at a rate of eighteen percent (18%) per annum but, in any event, no greater than the highest legal rate, in addition to unpaid amounts. Happy Cat has the right to inspect and audit Your financial records and books of account. For a period of three (3) years from the date of each transaction, You shall retain all records of your hotel transactions, including, but not limited to product sales and hotel services at Your cat hotel and make them available to Happy Cat at its request. If an audit discloses that You have under-reported Gross Receipts by two percent (2%) or more, You shall reimburse Happy Cat for the audit cost, including accounting, legal and travel expenses (including room and board), payable within 30 days after billing.

K. Computer Reservation System for Happy Cat Hotel®. Before commencement of operations of your franchised Happy Cat Hotel®, you must purchase the required reservation booking system (the "Reservation System"). The present cost for a laptop or desk top computer which will accommodate the required software and will support the Reservation System, Checkfront, payment gateway and platform (merchant service), website and internet connection is approximately $500 - $2,000. The Reservation System is used in your business in the following ways: (1) to record total hotel room reservations, revenues and to categorize cat food and related items sold to schedule grooming appointments and charge for the grooming services; and (2) to record the date, time and amount of purchases and services. The business information or data that will be collected and generated is as follows: it records room revenues and expenses, categories of cat food items sold and sales taxes collected. It also reflects voids, refunds and payouts.

Happy Cat retrieves from your Reservation System all data and information we consider necessary, desirable or appropriate. There are no contractual limitations on our right to access information.

Specifications for your computer systems are as follows:

i. Lenovo IdeaCentre AIO 3i (24") 4.7 (764), part number F0EU0002US (or Mac equivalent).
ii. Microsoft Office 2016 Home and Business (or Mac equivalent).

You will be solely responsible for the acquisition, operation, maintenance, repair, and upgrading of your computer system and reservation system. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for your Reservation System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract, but we reserve the right to do so in the future. The current cost of a service contract with Checkfront Inc. is about $1,200 per year.

You shall pay Happy Cat a monthly technology fee of $500. This fee will go towards various software, website, and webcam platforms and maintenance.

We reserve the right to change or upgrade the Reservation System at any time. There are no contractual limitations on the frequency and cost of this right. We need not reimburse you for any of these costs.

L. *Purchase Additional Equipment.* Happy Cat may require that You purchase additional equipment from time to time in connection with changes in the system, or that You replace equipment due to obsolescence.

M. *Confidentiality and Non-Compete Agreement for Employees.* You shall require that each of Your managerial employees enter into an agreement that such employee shall not disclose confidential information and will not compete with Happy Cat in accordance with **Schedule C** annexed hereto.

N. *Electronic Funds Transfer:* You are required to sign and deliver to Happy Cat an Authorization to initiate debit entries to Your checking and/or savings account. This authorization is utilized by Happy Cat to enable it to withdraw funds from Your bank account for the full amount of Your accrual of Royalties and HCAF Fees (actual or estimated, as the case may be), late fees and other charges You owe Happy Cat.

O. *Late Charges:* If any royalties, advertising fees or charges are not paid within seven (7) days after the due date, Happy Cat may and You agree to pay, interest at the rate of 10% per annum of any such charges (or the maximum rate allowed by law) on all past due accounts to cover the costs of administration.

P. Insufficient Funds Fee: If any payment from You does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, an insufficient funds fee equal to either (1) the greater of fifty dollars ($50.00) or five percent (5%) of the payment amount, or (2) the maximum fee allowed by law.

9. FRANCHISE OPERATIONS

A. *Approval of Location; Lease of Premises.*

i. You must select a site and submit a Location Approval Application to Happy Cat for its approval within one hundred twenty (120) days after the Date of the Franchise Agreement describing the location. Happy Cat expressly reserves the right to approve any location proposed by You as the site of the franchised cat hotel and the terms and conditions of any lease thereof (which approval of the lease will not be unreasonably withheld). Approval of a site by Happy Cat does <u>not</u> constitute a warranty or representation that the franchised business will be profitable or that Your sales will attain any predetermined levels. You agree that approval or disapproval of a site shall not impose any liability or obligation on Happy Cat. Happy Cat may offer guidance in site selection, at its sole discretion. Happy Cat will notify You in writing of its decision within fourteen (14) business days after You submit to Happy Cat a Location Approval Application.

You expressly acknowledge that Happy Cat may require, as a condition to granting its approval of any lease, that the lease contain the following provisions:

(1) In the event of a breach of the lease by You, the Landlord shall notify Happy Cat in writing at least thirty (30) days prior to termination of the lease, and Happy Cat shall have the right, but not the obligation, upon giving written notice of its election to You and the Landlord, to cure the breach and succeed to Your rights as tenant under the lease.

(2) Happy Cat may, at any time after taking occupancy, relet the premises to another Happy Cat franchisee with the Landlord's approval of the new franchisee, which consent by the Landlord shall not be unreasonably withheld or delayed.

(3) You may assign this lease to Happy Cat at any time if the Landlord is given written notice of the assignment. Such an assignment shall not, however, be made except upon termination of this Franchise Agreement, and it shall be effective only if accepted in writing by Happy Cat.

(4) No amendment, modification, assignment, sublease or voluntary termination shall be entered into by You without the written approval of Happy Cat, which approval will not be unreasonably withheld.

You shall not enter into any lease agreement relating to the premises where the franchised business is located (or any agreement that renews, amends or replaces such lease agreement) unless You and Your Landlord execute and deliver to Happy Cat the Conditional Assignment of Lease set forth in **Schedule B** annexed hereto.

ii. Delivery of Lease: You shall promptly, after signing, deliver a true and complete copy of the fully executed lease and all amendments thereto to Happy Cat.

iii. Construction of Happy Cat Hotel®: The franchised cat hotel will be located at only the Licensed Location [and no other location] within Your Geographical Area. You hereby agree that, at Your sole cost and expense, You will promptly construct and equip the franchised cat hotel at the Licensed Location and that the franchised cat hotel shall be ready for operation not later than one hundred eighty (180) days following the date You execute this agreement. The Licensed Location, all plans, specifications and designs for the franchised cat hotel and all equipment, furniture, furnishings, trade fixtures graphics and trade dress used in the franchised cat hotel will be subject to Happy Cat's approval, and in accordance with the requirements set forth in the Operations Manual. Except for required renovations pursuant to this Agreement, no alterations to, or modifications of, the franchised cat hotel shall be made following its completion without the prior written approval of Happy Cat. All plans and specifications shall be prepared, at Your expense, by Your architect and/or engineer, utilizing Happy Cat's design standards and criteria.

B. Use of Premises

i. Promptly following completion of the franchised cat hotel as provided in Paragraph 9, subparagraph A(iii), and during the remainder of the term of this Agreement, You agree to operate the franchised cat hotel exclusively for the purpose of operating a Happy Cat

Hotel®, continuously using Your best efforts, skill and diligence in the conduct thereof. You will conduct such operations in strict compliance with all federal, state and local laws and regulations, You will obtain and maintain in effect all licenses, permits or other consents required for the lawful operation of Your business. You shall comply with all cat food preparation, handling and storage regulations. In addition, You shall comply with the following provisions:

(1) During the term hereof and at Your sole cost and expense, You shall maintain the franchised cat hotel in a good, clean, sanitary and attractive condition in compliance with all applicable laws and ordinances. From time to time, but at least every five (5) years, at Your sole expense, You shall remodel the franchised cat hotel and make such other improvements and alterations as may be determined by Happy Cat to be reasonably necessary to maintain the Happy Cat image. All renovations of the franchised cat hotel and any modifications thereto shall comply with the generally applicable Happy Cat cat hotel design and decor standards in effect at the time such alterations are made and shall be subject to Happy Cat's prior written approval; and

(2) You shall promptly repair any damage or destruction to the franchised cat hotel which occurs during the term hereof, or any renewal. Such repairs shall be completed to conform the franchised cat hotel with the then-current Happy Cat Hotel® design and decor standards if the cost of such conformance does not substantially exceed any insurance proceeds received by You as a result of said damage or destruction. In the event the lease terminates as a result of such damage or destruction, Happy Cat shall permit You to open and operate a new Happy Cat Hotel® for the balance of the term hereof at a site and upon lease terms to be mutually approved in writing by Happy Cat and You. All costs of relocating the franchised business and the cost of any leasehold improvements, fixtures, furnishings, and equipment necessary to open and operate the new Happy Cat Hotel® shall be borne by You; and

(3) You shall maintain and display at The Happy Cat Hotel®, Happy Cat's approved signs and shall not place additional signs or posters in or about the franchised cat hotel without Happy Cat prior written consent. If Happy Cat requests, You shall promptly discontinue the use of any signs, advertising or promotional materials, whether or not such materials were previously approved by Happy Cat. You shall not use or display the Happy Cat marks except in a manner previously approved in writing by Happy Cat. All materials bearing the Happy Cat marks must include such notice of registration or license as Happy Cat may from time to time specify. You shall prominently display in the customer service area, in places designated by Happy Cat, all media reviews, awards, plaques and marketing materials disclosing franchise opportunities that Happy Cat shall require and/or approve in writing.

B. *Supervision.* The cat hotel operation will at all times be under Your direct on-site supervision. If You are an individual, You must devote Your full time and energy to the management and operation of the franchised cat hotel. If You are a corporation, partnership or

LLC, the direct on-site supervision must be performed by a person who has successfully completed The Happy Cat® training program and who owns at least 51% of the equity in the corporation, partnership or LLC. Your manager must complete the training program to Happy Cat's satisfaction and sign the Manager's Agreement, **Schedule C**. After a manager's death, disability or termination of employment, You must immediately notify Happy Cat and You must designate a successor who shall sign the Manager's Agreement, **Schedule C**. Happy Cat may require any successor manager to undergo training by Happy Cat at Your expense. The current fee for such training is $5,000 subject to increases in the CPI and/or at Happy Cat's discretion, and You must pay for travel and room and board for the new manager. The training fee is non-refundable.

C. Services, Products, Supplies

i. You agree to provide all the services specified by Happy Cat (and no others), to strictly follow all Happy Cat specifications, and to sell no other cat food or cat litter or any other merchandise of any kind without Happy Cat's prior written approval. Happy Cat agrees to assist You in establishing approved sources of supply of cat food and cat litter.

You agree not to deviate from the standards of cleanliness and sanitation as set and maintained by Happy Cat in the operation of the franchised cat hotel.

You shall remain open for business seven (7) days a week during normal business hours, as defined in the Operations Manual. Happy Cat recognizes that considerations particular to the location of Your cat hotel may make it desirable to alter the aforesaid hours of operation, and Happy Cat will not unreasonably withhold its consent to modify the hours of operation.

ii. You are obligated to purchase or lease, from approved suppliers (including distributors, manufacturers, Happy Cat and other sources), all inventory, fixtures, equipment, supplies, certain cat food products and cat litter ("Proprietary Products"), and all other products and materials used and/or sold at the franchised business. You must comply with Happy Cat specifications and/or design standards. Happy Cat will provide You with such specifications and/or design standards and the names and addresses of approved suppliers prior to the opening of the franchised business. Specifications, including approved suppliers, may be modified by Happy Cat on thirty (30) days prior written notice to You. You shall still utilize at the franchised cat hotel only such inventory, equipment, fixtures and supplies Happy Cat shall specify.

iii. If You propose to purchase or lease any equipment, fixtures, supplies and Proprietary Products which are not approved or meet Happy Cat's specifications and/or design standards, You shall first make a request to Happy Cat in writing, and Happy Cat may inspect the supplier's facilities and/or may require submission of sufficient specifications, samples, photographs or other relevant information, to determine whether such equipment, fixtures, supplies and Proprietary Products meet its specifications. Happy Cat will notify You within a reasonable time (not to exceed forty-five [45] days) whether such equipment, fixtures, supplies and Proprietary Products meet its specifications.

iv. Happy Cat maintains a list of approved suppliers but it may change suppliers from time to time. A prospective supplier of equipment, fixtures, supplies and/or Proprietary Products must satisfy Happy Cat specifications and qualify as an approved supplier. Happy Cat reserves the right to periodically test additional samples and/or re-inspect the supplier's facilities. Happy Cat shall be entitled to revoke its approval if any supplier or products fail to continue to meet its standards and specifications, after which You may be entitled to sell and use Your present inventory of such products, provided that they are safe for consumption, and provided Happy Cat consents in writing to their continued use. If Happy Cat does not consent, the use and/or sale of such products must be discontinued immediately.

v. As of the date of this agreement, the following are sole designated suppliers:

Supplier:	
EcoLeo	Cat Refuse Bags
Kitty Kasas	Cat furniture and climbing apparatus
Catit Water Fountains (A Hagen Co.)	Water dishes/fountains
ContempoCat	Cat platform and climbing apparatus
Brownrice Internet	Web Cam with 3rd party connection service
Spider Creations	Website specific online forms
Carlisle	Dishware
Rio Grande	Dishware
Custom Ink	Apparel
All Pine Litter	Cat Refuse Boxes
Vinyl Disorder	Decal/Decor
Stericycle	Sharps & Sharps Recycling
NCL, Clarke-Nilfisk, Rubbermaid	Cleaning Products
Chubbs Bars, Les Pooch Luxury Pet Products, Wahl, Catty, Shack Vac, Purrdy Paws, Smart Practice, Romani, Master Equipment, Ryan's Pet Supplies, Groomer's Mall	Grooming Products
Happy Cat Products	Bedding, Blankets, Litter, Apparel

Supporting Strategies Bookkeepers of Greater Cincinnati Ohio	Bookkeeping
Integrity Merchant Solutions	Merchant Services
Impact Business Advisors	Liability Insurance

10. DEFAULT AND TERMINATION

A. *Non-Curable Defaults.* Happy Cat may not terminate this Agreement prior to the expiration of its term except for "good cause", which shall include but not be limited to the occurrence of any event of default described in this Paragraph A and in Paragraph B hereinafter. Upon the occurrence of any event of default described in this Paragraph A, Happy Cat may, at its option, and without waiving its rights hereunder or any other rights available at law or in equity (including its rights to damages), terminate this Agreement and all of Your rights hereunder. Happy Cat shall provide notice of termination or cancellation at least sixty (60) days in advance to such termination, or within the time provided by Connecticut law, whichever is earlier. The occurrence of any one or more of the following events shall constitute an event of default and grounds for termination of this Agreement by Happy Cat as set forth herein:

i. If You fail to pay any financial obligation due pursuant to this Agreement and fail to cure such failure to pay within fifteen (15) days after Happy Cat gives written Notice to Cure;

ii. If You or any person owning an interest in the franchise is convicted of a felony or a crime of moral turpitude, or if You are convicted of any crime or offense relating to or relevant to the operation of Your business;

iii. If You become insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by You, or such a petition is filed against and consented to by You, or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for Your business or assets is filed and consented to by You, or if a receiver, trustee or other custodian (permanent or temporary) of Your assets or property, or any part thereof, is appointed;

iv. If You are reasonably determined by Happy Cat to have under-reported Your Gross Receipts by 2% or more to Happy Cat on two (2) or more occasions during the term of this Agreement, whether or not You subsequently rectify such deficiency. Notwithstanding the provisions of Paragraph 20 hereof (Arbitration), issues regarding the deficiencies enumerated in this Paragraph 10, Sub-paragraph A and Happy Cat's right to terminate this Agreement based thereon, shall not be subject to arbitration;

v. If You (if the franchisee is a corporation, partnership or LLC, then if any partner, shareholder or member of an LLC owning fifty percent (50%) or more of the franchise) die or become disabled and either (a) the franchise is not extended, and (b) You fail to assign the franchise pursuant to the conditions imposed under Paragraph 12.

vi. If You suffer cancellation or termination of, or fail to renew or extend, the lease or sublease, or otherwise fail to maintain possession of the premises occupied by the franchised cat hotel and fail to secure suitable alternative premises approved by Happy Cat;

vii. If You fail to develop, equip and fixture the franchised premises pursuant to Happy Cat requirements and You fail to cure such deficiency within fifteen (15) days after Franchisor give You written notice to cure.

viii. If You, without written permission first obtained from Happy Cat, disclose any trade secrets, confidential or proprietary information or make any unauthorized use of the confidential Operations Manual which Happy Cat loans to You;

ix. If there is any violation of any transfer or assignment provisions contained in Paragraph 12 of this Agreement;

x. If You fail to select an acceptable site within 120 days of the date of this Agreement or fail to open for business within 180 days of the date of this Agreement;

xi. If You have been denied any necessary state, federal or municipal license ("License") and/or have had such License suspended, revoked or terminated.

xii. Default of the Multi-Unit Development Agreement.

B. *Curable Defaults*. Upon the occurrence of any event of default described in this Paragraph B, Happy Cat may, subject to the provisions hereof regarding arbitration of disputes, at its option, and without waiving its rights hereunder or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Your rights hereunder. Happy Cat shall provide notice of termination or cancellation at least sixty (60) days in advance to such termination, or within the time provided by Connecticut law, whichever is earlier. The occurrence of any one or more of the following events shall, subject to the provisions hereof regarding arbitration of disputes, constitute an event of default and grounds for termination of this Agreement of Happy Cat as set forth herein:

i. If You fail to perform or breach any covenant, obligation, term, conditions, warranty or certification herein (other than as specified in Paragraph 10, Sub-paragraph A hereof which are non-arbitrable defaults) and fail to cure such non-compliance within fifteen (15) days after Happy Cat gives written Notice to Cure;

ii. If You operate Your business in a manner contrary to or inconsistent with the Proprietary Marks or as specified by Happy Cat in its Operations Manuals, and You fail to cure such deficiency within fifteen (15) days after Happy Cat gives a written Notice to Cure;

iii. If You fail, for a period of fifteen (15) days after notification of non-compliance, to comply with any law or regulation applicable to the operation of Your business (including loss of any business license);

iv. If You abandon or cease to operate Your business for a period of seven (7) days or more;

v. If You or any guarantor(s) hereof default in any note or agreement with Happy Cat and such default is not cured in accordance with the terms of such note or agreement;

vi. If You have made any materially false statement to Happy Cat in connection with Your application for this franchise;

vii. If You fail, on three (3) or more occasions during any calendar year, to submit, on a timely basis, the reports and statements required by the terms of this Agreement or any other reports and statements required by this Agreement;

viii. If You receive from Happy Cat two (2) or more Notices to Cure the same or similar defaults or violations of this Agreement during any twelve (12) month period, or four (4) or more Notices to Cure any default or violation of this Agreement during the term hereof, or any renewal.

If Happy Cat gives You a Notice to Cure pursuant to this Paragraph 10, Sub-paragraph B, You may within fifteen (15) days following the giving of such notice request arbitration pursuant to Paragraph 20 hereof concerning whether You have an obligation to cure any alleged deficiency set for in this Paragraph 10, Sub-paragraph B, if such deficiency has not already been corrected. If You attempt to correct any such deficiency within said fifteen (15) day period, and so notify Happy Cat of such correction, Happy Cat shall advise You within ten (10) days thereafter whether the alleged deficiency has been corrected and if such advice resolves any deficiencies, then You shall have fifteen (15) days thereafter to request arbitration.

C. *Mutual Agreement.* Except as hereinabove set out, this Agreement may be terminated prior to the expiration date only by mutual agreement of Happy Cat and You, which mutual termination agreement must be reduced to writing and signed by both Happy Cat and You.

D. *Termination by Franchisee.* If You are in compliance with the Franchise Agreement, and Happy Cat materially breaches the Franchise Agreement and fails to cure such breach within thirty (30) days after written notice of such breach is delivered to Happy Cat by You (specifically stating the nature of the breach and setting forth the applicable provisions of the Franchise Agreement), You may terminate the Franchise Agreement and the franchise effective thirty (30) days after delivery of notice of such termination. No such termination shall be valid unless You strictly comply with the foregoing requirements. A termination by You without strictly complying with the foregoing requirements shall be deemed a wrongful termination of the franchise which is not in accordance with the provisions of the Franchise Agreement.

E. *Statutory States.* The following states have statutes which may supersede the Franchise Agreement in Your relationship with Happy Cat, including the areas of termination and renewal of Your franchise, venue for disputes and governing law: ARKANSAS [Stat. Section 4-72-201 et seq.]; CALIFORNIA [Bus. & Prof. Code Sections 20000-20043]; CONNECTICUT [Gen. Stat. Section 42-133e et seq.]; DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551 et seq.]; HAWAII

[Rev. Stat. Section 482E-6]; ILLINOIS [815 ILCS 705/1-44]; INDIANA [Stat. Section 23-2-2.7]; IOWA [Code Sections 523H.1-523H.17]; MICHIGAN [Mich. Comp. L. Sec. 445.1527]; MINNESOTA [Stat. Section 80C.14]; MISSISSIPPI [Code Section 75-24-51 et seq.]; MISSOURI [Stat. Section 407.400 et seq.]; NEBRASKA [Rev. Stat. Section 87-401 et seq.]; NEW JERSEY [Stat. Section 56:10-1 et seq.]; RHODE ISLAND [General Laws Sections 6-50-1 et seq.]; SOUTH DAKOTA [Codified Laws Section 37-5R-1 et seq.]; VIRGINIA [Code 13.1-557-et seq.]; WASHINGTON [Code Section 19.100.180]; and WISCONSIN [Stat. Section 135.03et seq.]. These and other states may have court decisions which may supersede the Franchise Agreement with respect to Your relationship with Happy Cat, including the areas of termination and renewal of Your franchise, venue for disputes and governing law.

F. *Post-Termination.* Upon expiration, non-renewal or termination of this Agreement, You shall immediately cease to be a licensed Happy Cat franchisee, and:

i. Shall promptly pay all sums owing to Happy Cat. In event of termination by Happy Cat due to a default by You, said sums shall include all damages, costs and expenses, including reasonable attorney's fees incurred by Happy Cat in connection with such termination or in connection with recovering sums owing Happy Cat with or without suit or arbitration, as the case may be.

ii. Shall pay to Happy Cat all damages, costs and expenses, including reasonable attorney's fees, incurred by Happy Cat subsequent to the termination of the Agreement as herein provided in obtaining injunctive relief or other relief which may be reasonably required by Happy Cat to protect its interests in connection with such termination and its Proprietary Marks.

iii. Shall immediately cease to use, by advertising or in any manner whatsoever, the Proprietary Marks, any methods associated with the name "Happy Cat" or **The Happy Cat Hotel®** or similar names which may be confusing to the public, or any forms, manuals, slogans, signs, marks, symbols, devices used in connection with the operation of a Happy Cat franchise. You further agree, on any such termination, to cease and refrain from holding Yourself out to the public in any way as affiliated or in any way connected with Happy Cat, and to distinguish Your business, if any, thereafter so clearly from that of Happy Cat as to avoid all possibility of any confusion by the public. If You retain possession of the premises, You shall make such reasonable modifications to the exterior and interior, including removal of distinctive decor, signage, trade dress, designs and trade fixtures, to minimize its identification as a Happy Cat Hotel®

iv. Shall immediately turn over to Happy Cat all Operations Manuals, forms and files, instructions and similar material and shall retain no copy or record of any of the foregoing, excepting only Your copy of this Agreement, and any documents which You reasonably need for compliance with any legal requirements.

v. Shall terminate the use of all of the business telephone numbers, terminate all classified and directory listings of the franchised cat hotel, terminate all websites, domain name, internet addresses and shall not refer to any succeeding business as a former Happy

Cat Hotel®.

G. Assumption of Management. Happy Cat has the right (but not the obligation), under the circumstances described below, to enter the premises of Your franchised cat hotel and assume the management of Your franchised cat hotel (or to appoint a third party to assume its management) for any period of time Happy Cat deems appropriate, but not to exceed 90-day increments, renewable for up to one year, in the aggregate. Happy Cat will periodically discuss with You the results of operation of the franchised cat hotel during the time that Happy Cat manages it. If Happy Cat (or a third party) assumes the management of Your franchised cat hotel under subparagraphs (1) and (2) below, You agree to pay Happy Cat (in addition to the fees and other amounts due under this Agreement) an additional amount equal to 10% of Gross Receipts, plus Happy Cat's (or the third party's) direct out-of-pocket costs and expenses, for any period Happy Cat deems appropriate. If Happy Cat (or a third party) assumes the management of Your franchised cat hotel, You acknowledge that Happy Cat (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to You or Your owners for any debts, losses, or obligations Your franchised cat hotel incurs, or to any of Your creditors for any supplies, products, or other assets or services Your franchised cat hotel purchases, while Happy Cat (or the third party) manage Your franchised cat hotel.

Happy Cat (or a third party appointed by Happy Cat) may assume the management of Your franchised cat hotel under this Section 10.F if:

i. You abandon or fail to actively operate Your franchised cat hotel in accordance with this Agreement and all the standards Happy Cat provides to you for seven (7) days or more;

ii. You fail to comply with any provision, representation, warranty or obligation of this Agreement and do not cure the failure within the time period Happy Cat specifies in their notice to You; or

iii. (3) this Agreement expires or is terminated, and Happy Cat is deciding whether to exercise their option to purchase Your franchised cat hotel under Section 12.E below.

If Happy Cat exercise their rights under subparagraphs (1) or (2) above: (i) You shall make all best efforts to become capable of recovering complete management and operation of Your franchised cat hotel after the applicable assumption of management period by Happy Cat (or a third party) under this Section 10F; and (ii) Happy Cat's right to terminate this Agreement under this Article 10 will not be affected.

11. FRANCHISEE'S INTEREST UPON TERMINATION OR NON-RENEWAL

Upon termination of this Agreement, whether by You, by Happy Cat or by expiration or non-renewal, You will receive Your cost (as reasonably determined by Happy Cat) of all saleable inventory You desire to return to Happy Cat. You receive no payment or adjustment whatsoever for any goodwill You may have established either prior to or during its operation of the franchise. You shall retain Your equipment, leasehold improvements, fixtures and furniture, and Happy Cat

has no obligation to buy the same from You, unless otherwise provided by law. If Happy Cat has assignment rights in any lease or sublease, it may elect to exercise those rights.

12. ASSIGNABILITY

A. *Assignment by Happy Cat.* This Agreement and all rights and duties hereunder may be assigned or transferred by Happy Cat at its sole and absolute discretion to any person or legal entity which agrees to assume Happy Cat's obligations hereunder, and shall be binding upon and inure to the benefit of Happy Cat's successors and assigns including, without limitation, any entity which acquires all or a portion of the capital stock of Happy Cat or any entity resulting from or participating in a merger, consolidation or reorganization in which Happy Cat is involved, and to which Happy Cat rights and duties hereunder are assigned or transferred.

B. *Assignment By Franchisee.* You agree that Your rights and duties as stated in this Agreement are personal to You, and that Happy Cat has entered into this Agreement in reliance on the business skill, financial capacity and character of You and Your principals and affiliates. Accordingly, You shall not sell, assign, subfranchise, transfer or encumber the franchise (including the Franchise Agreement) nor any interest therein, nor shall You permit any such sale, assignment, transfer or encumbrance to occur by operation of law, without Happy Cat's prior written consent, which consent may reasonably be withheld. Further, if the franchisee is a corporation, partnership or LLC, no person owning an interest therein or owning shares of stock in the franchisee shall sell, assign, subfranchise, transfer nor encumber any such interest or shares of stock if such a sale, assignment, subfranchise, transfer or encumbrance shall result in a transfer of effective control over the franchisee, without Happy Cat's prior written consent. Any of the transactions previously described in this paragraph shall be referred to hereinafter as an "Assignment". An attempted Assignment, other than as provided in the Franchise Agreement, shall be null and void and shall constitute a breach of the Franchise Agreement, and the Franchise Agreement shall be thereafter subject to immediate termination by Happy Cat.

If the Assignment is of this Agreement, a controlling interest in the franchisee entity, or is one of a series of Assignments which in the aggregate constitute the transfer of a majority interest in the franchisee entity, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

i. You must satisfy in full all obligations to Happy Cat and others (including vendors and suppliers) arising out of the operation of the franchise, and the Assignee must agree to assume and discharge all obligations to Happy Cat and others arising out of the franchise; provided, however, that any such agreement by the Assignee shall not relieve You of Your obligations under this Franchise Agreement.

ii. The Assignee shall have sufficient financial resources and a satisfactory credit rating to be able to properly conduct the franchised business.

iii. The Assignee must agree to meet with Happy Cat staff and agree to take such personnel tests as may be required by Happy Cat in order to evaluate the Assignee's aptitude and ability to own and operate the franchise.

iv. The Assignee must agree to undergo the training required of new franchisees and to pay Happy Cat a training fee of Five Thousand Dollars ($5,000.00) (as adjusted by any increase in the CPI), plus $3,500 for grooming training, if required, which sum is due prior to the effective date of the assignment. Up to two (2) persons may attend the training sessions: the Assignee (or, in the case of a corporation, partnership or LLC, one of its principals) and the Assignee's manager. You shall pay for the cost of food, lodging and travel. The training fee is non-refundable.

v. If permitted by applicable law, You shall execute a general release, under seal, in a form satisfactory to Happy Cat, of any and all claims You may have against Happy Cat, its directors, officers, employees and agents.

vi. Happy Cat must approve the economic terms and conditions of such transfer, including, without limitation, that in the opinion of Happy Cat the price and terms of payment are not so burdensome as to adversely affect the Assignee's operation of the franchised business.

vii. In the event of any such assignment, the Assignee shall be required to execute the then-current form of Franchise Agreement generally issued by Happy Cat to Happy Cat franchisees, and prior to the transfer, You shall pay a non-refundable transfer fee equal to 33% of the then-current applicable franchise fee to defray expenses Happy Cat incurs in connection with the transfer, including but not limited to legal and accounting fees. Said sum is payable prior to the date of transfer.

viii. If You finance any part of the purchase price of the transferred interest, You agree that all obligations of the Assignee under or pursuant to any promissory notes, agreements or security interests reserved by You in the assets of the franchised business or the franchised premises shall be subordinate to the Assignee's obligations to Happy Cat to pay royalty fees, advertising fees and other amounts due to Happy Cat.

ix. You must make such repairs, renovations and modifications to the business premises to conform to Happy Cat's then-current standards and specifications for design, trade dress, decor, equipment and signage.

C. *Assignment by Shareholders, Partners or Members.* If the franchisee is a corporation, partnership or LLC, the cumulative transfer of a majority of the stock (in the case of a corporation) or a majority interest (in the case of a partnership or LLC), whether in one or more transactions, shall be deemed to be a prohibited transfer herein unless consent is obtained by Happy Cat, which consent may reasonably be withheld.

D. *Assignment to New Entity.* If you are an individual, this Franchise Agreement may, on only one occasion, be assigned to a newly organized, closely-held corporation, partnership or LLC in which You own a majority of the issued and outstanding capital stock of the corporation or a majority interest in the LLC or a majority interest in a partnership as long as the following conditions are met and Happy Cat provides written approval:

i. An individual who owns at least 51% of the entity shall actively manage the corporation, partnership or LLC and continue to devote his/her time and best efforts to the business of the franchise;

ii. The corporation, partnership or LLC is newly organized and its activities are confined exclusively to acting as a Happy Cat franchisee;

iii. The corporation, partnership or LLC must agree to become a party to and bound by the provisions of this Franchise Agreement executing such documents as are required by Happy Cat.

iv. The franchisee, all shareholders of the corporation, all members of the LLC and/or all partners must agree to remain personally liable and to execute a Personal Guaranty in the form approved by the Happy Cat as set forth on **Schedule D** annexed hereto.

v. The corporate stock certificates or LLC certificates of membership must contain a legend that they are subject to the terms of this Franchise Agreement and the shareholders or members must agree that they will not sell, assign, pledge or otherwise encumber the stock, except in compliance with this Agreement. In the case of an LLC, if there are no certificates of membership, the members shall sign and deliver an affidavit to Happy Cat verifying this fact.

vi. You must not be in default of this Agreement.

vii. You shall submit to Happy Cat prior to any proposed transfer of any equity or voting interest in the franchisee, and at any other time upon request, a list of all holders of direct or indirect equity and voting interest of record reflecting their respective present and/or proposed direct or indirect interests in the franchisee, in such form as Happy Cat may require.

E. *Right of First Refusal.* You may not sell, transfer, lease or sublet any interest in the Happy Cat franchise or in the equipment or furnishings used therein without first offering the same to Happy Cat in writing at a stated price and stated terms which Happy Cat may accept in writing at any time within sixty (60) days from receipt of the written offer by You. In the event of a bona fide offer from a third party, You must obtain from the third-party offeror and deliver to Happy Cat a statement in writing, signed by the offeror and by You, the terms of the offer. If Happy Cat declines or does not accept the offer within sixty (60) days, You may thereafter sell or dispose of the business to a third party, if Happy Cat approves of the transfer, sale or assignment, but not at a lower price nor on more favorable terms than have been offered to Happy Cat. If the franchised business is not sold by You within six (6) months from the date it is offered to Happy Cat, then You must re-offer to sell to Happy Cat prior to the sale to a third party.

F. *Death or Disability.* Upon the death or legal incapacity of a Franchisee who is an individual, Happy Cat shall allow up to three (3) months after such death or legal incapacity for the heirs, personal representatives or conservators (the "Heirs") of Franchisee either to enter into

a new Franchise Agreement upon Happy Cat's then-current Franchise Agreement for a term equal to the amount of time left on the deceased Franchisee's operative Franchise Agreement, if Happy Cat is subjectively satisfied that the Heirs meet Happy Cat's standards and qualifications, or if not so satisfied to allow the Heirs to sell the franchise to an entity approved by Happy Cat (subject to section B, C, D and E above); or (ii) upon the death or legal incapacity of an owner of Franchisee directly or indirectly owning fifty percent (50%) or more of the equity or voting power of Franchisee, Happy Cat shall allow a period of up to three (3) months after such death or legal incapacity for the Heirs to enter into Happy Cat's then current Franchise Agreement or to transfer to another person acceptable by Happy Cat. If within said three (3) month period said Heirs fail either to enter into a new Franchise Agreement or to sell the franchise to a person approved by Happy Cat, or fail either to receive our consent to the transfer of such equity or voting rights to the Heirs or to another person acceptable by us, as provided herein, this Agreement shall thereupon automatically terminate. Any new owner shall be obligated to undergo and pay for Happy Cat's mandatory training program as a condition to owning and operating the franchise and be subjected to all other terms and conditions of Happy Cat's then current Franchise Agreement.

G. *Controlling Laws*. If an individual franchisee dies, and if, under the controlling local laws, the decedent's franchise interest in the business premises, the franchise and Franchise Agreement are distributable to heirs or legatees who are members of his immediate family, and who otherwise would qualify as Assignees under this Agreement, then such assignment by operation of law or by Will shall not be deemed a violation of the Franchise Agreement so long as the heirs or legatees accept the conditions imposed on otherwise permitted Assignees.

13. MODIFICATIONS TO THE FRANCHISE SYSTEM

You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the desires and needs of customers, and/or presently unforeseen technological innovations, the Happy Cat system must not remain static, in order that it best serve the interests of Happy Cat, You and the Happy Cat system. Accordingly, You expressly understand and agree that Happy Cat may from time to time change the components of the Happy Cat system, including, but not limited to, altering the programs, products, services, methods, equipment, standards, forms, policies and procedures of that system; adding to, deleting from or modifying those programs, products, equipment standards and services which Your cat hotel is authorized to offer; and, upon at least sixty (60) days advance written notice to all franchisees changing, improving, modifying or discontinuing any of the Proprietary Marks. Subject to the other provisions of this Agreement, You expressly agree to abide by any such changes.

14. WAIVER

No failure of Happy Cat to exercise any of the rights and options granted hereunder, or to insist upon strict compliance by You, and no custom or practice of the parties at variance with the terms hereof shall constitute any waiver of Happy Cat's right to demand exact compliance with the terms hereof. A waiver by Happy Cat of any specific default shall not affect or impair the rights of Happy Cat with respect to any subsequent default of the same or different nature, nor shall any delay or omission to exercise any rights arising from a default affect or impair rights of Happy Cat to such default or any subsequent default.

15. COVENANT NOT TO COMPETE; CONFIDENTIALITY

A. *In-Term Covenant Not to Compete.* During the term of this Agreement, You and all Guarantor(s) thereof covenant not to engage in any business (except that contemplated by the Franchise Agreement) which is the same as or similar to the business licensed thereunder or which sells any products or services similar to those provided by or through Happy Cat franchisees. The purpose of this provision is to encourage You and all Guarantor(s) to use Your or their best efforts to promote the Happy Cat franchise.

B. *Post-Term Covenant Not to Compete.* After the expiration or termination of this Franchise Agreement, You and all Guarantors hereof covenant, for a period of two (2) years after such expiration or termination:

i. Not to engage, as an owner, employee, shareholder, member of an LLC or in managerial capacity, in the operation of any cat hotel business at the existing location or within a twenty (20) mile radius of Your former business location, or within twenty (20) miles of the business location of any other company or franchise owned Happy Cat Hotel® now existing or hereafter established.

ii. Not to divert or attempt to divert any customers (located within the Geographical Area) to any competitor, by direct or indirect inducement or otherwise; and

iii. Not to employ or seek to employ any person who is employed by Happy Cat or by any other Happy Cat franchise, or otherwise directly or indirectly induce such person to leave his or her employment.

This Agreement does not prohibit ownership by You, for investment purposes only, of up to ten percent (10%) of the outstanding securities of any corporation whose securities are publicly held and traded.

You and all Guarantors further separately agree that during the term of this Franchise Agreement and for a period of two (2) years following the termination or expiration of this Agreement, You will not divulge to or use for the benefit of any person, association or corporation outside of the Happy Cat System, any confidential information or knowledge concerning customers, the Operations Manual, business techniques, advertising techniques or any other systems or methods of operation of a Happy Cat franchised business which You may have acquired by virtue of its operations under this Agreement, nor will You do any deliberate act prejudicial or injurious to the good will or name of Happy Cat. Information furnished to employees shall be reasonably limited to that which directly relates to such employee's duties and assists in the proper performance of such duties as same relate to the operation of a Happy Cat franchise.

This Agreement is entered into between the parties with full knowledge of its nature and extent, hereby acknowledging that the qualifications for a Happy Cat franchise are special, unique and extraordinary, and that the Franchise Agreement would not be entered into by Happy Cat except upon condition that the restrictive covenants contained in this Agreement be embodied

therein and that, as such, they be enforceable by injunctive relief and/or any other available remedy.

B. *Confidentiality.* You acknowledge that if any aspect of the System, the Operations Manual or any of the policies of Happy Cat are disclosed, it could substantially harm Happy Cat, other franchisees and agents of Happy Cat. You agree that, during and after the term of this Agreement, You will not disclose any confidential documents or materials of the franchise system, including trade secrets, to any person, corporation, LLC or other entity. If You violate this provision, then, because anticipated damages are uncertain in amount and difficult to prove, and because Happy Cat and You wish to liquidate said damages in advance, provided Happy Cat is not in default, You will pay Happy Cat, within thirty (30) calendar days after Happy Cat's written notice, the non-refundable sum of Twenty-Five Thousand Dollars ($25,000.00) as liquidated damages.

16. INDEMNIFICATION

You agree to indemnify Happy Cat, its affiliates and its respective directors, officers, employees, shareholders, agents, successors and assigns (collectively "Indemnitees"), and to hold the Indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one (1) or more of the Indemnitees in connection with the development, ownership, operation or closing of your franchise (collectively "Event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Indemnities or was caused wholly or in part through the active or passive negligence of Indemnitees. The term "losses and expenses" includes compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; expert' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You agree to give Happy Cat prompt notice of any such Event. We agree to give you reasonable notice of any Event of which we become aware for which indemnification may be required and we may elect (but are not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of Indemnitees or Happy Cat generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. We shall not be obligated to consent to any settlement that admits any fault, directly or indirectly, on our part. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an Event (an "Insured Event"), we agree not to exercise our right to select counsel to defend the Event if such would cause your insurer to deny coverage so long as your insurer provides suitable, skilled counsel to defend the action. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances shall Indemnitees be

required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against You. You agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitees from You.

17. NOTICES

All notices hereunder shall be sent by registered or certified mail, to the parties at their respective addresses as shown on the first page of this agreement, but they may from time-to-time send to the other by such mail written notice of change of address.

18. SEVERABILITY OF AND AMENDMENTS TO AGREEMENT.

A. *Invalidity.* Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of any remaining portion, which remaining portion shall remain in full force and effect as if this Agreement had been executed with the individual portion thereof eliminated, and it is hereby declared the intention of the parties hereto that they would have executed the remaining portions of this Agreement without including therein any such part, parts or portions which may for any reason be hereafter declared invalid.

B. *Modification.* This Agreement shall not be modified or amended except in writing, and signed by all of the parties to this Agreement.

C. *Course of Dealings.* No previous course of dealing or usage in trade not specifically set forth in this Agreement shall be admissible to explain, modify or contradict this Agreement.

[*Remainder of page intentionally left blank*]

19. RIGHTS OF SUCCESSORS AND ASSIGNS

All rights of Happy Cat under this Agreement shall inure to the benefit of its successors and assigns. This Agreement shall benefit and bind You, Your heirs and assigns and, if the franchisee is a corporation, partnership or LLC, its successors and assigns.

20. ARBITRATION

A. Mediation. If the parties are unable to resolve and settle a dispute by private negotiation within 60 days after either party gives the other written notice that a dispute exists, the parties mutually agree that before commencing any arbitration proceeding (as provided in Par 20. B.) or any litigation (as provided in Par 10. A.), the dispute will first be submitted to non-binding mediation in Hartford, Connecticut. The mediation shall be conducted under the then current American Arbitration Association (the "AAA") Commercial Mediation Procedures. Happy Cat and You shall select the mediator from the AAA panel of neutrals (unless the parties mutually agree to the selection of another mediator). If the parties cannot agree on the selection of a mediator, AAA shall make the selection. Each party agrees that at least one representative with

authority to settle the dispute will appear and participate at the mediation conference. The cost of the mediation, including the mediator's fee and expenses, shall be equally divided between Happy Cat and You. The parties agree to attempt settle the dispute in good faith.

B. *Arbitration of Disputes.* In the event a mutual settlement or resolution of any such Dispute cannot be fully achieved within thirty (30) days after the Mediation Process concludes, the parties shall submit any unresolved issues relating to the Dispute to arbitration in accordance with Sub Paragraphs C and D, excluding default claims arising under Paragraph 10. A.

C. *Dispute to be submitted to American Arbitration Association.* Subject to the provisions in Sub Paragraph B above, in the event of any unresolved and/or unsettled Dispute as provided in Sub Paragraph A between the parties arising out of or by reason of this Agreement, the breach thereof or the interpretation or performance thereof, the parties shall submit the Dispute to binding arbitration (subject to certain exceptions set forth in Sub-paragraphs D and H) administered by the American Arbitration Association (the "AAA") in accordance with its Expedited Procedures or Optional Rules for Emergency Measures of Protection of the Commercial Arbitration Rules of the AAA. The Arbitration proceedings and Award shall be administered in accordance with the then current rules of the AAA.

D. *Arbitration Procedures.* Except as set forth in Paragraph 10, Sub-paragraph A, and Sub-Paragraph H of this Paragraph 20, the provisions relating to arbitration shall be applied to any alleged breach of this Agreement and any other Disputes including, but not limited to, torts, misrepresentations (arising prior to the execution of this Agreement or otherwise), federal and state claims and other non-contractual claims, including unfair trade practices or similar claims, that may arise from time to time during the effective period hereof, but all other rights and privileges of the parties hereto under any other provisions of this Agreement shall not be affected by any such arbitration procedures. The Arbitrator shall have no right to include or decide issues not directly involved in any dispute before them. The decision of the Arbitrator shall be legally binding upon the parties thereto and judgment upon the award may be rendered in any court of competent jurisdiction. The location of any arbitration proceedings shall be in Hartford County, Connecticut. Neither party shall pursue class claims and/or consolidate the arbitration with any other proceedings in which Happy Cat is a party. Any Disputes concerning the enforceability or scope of the arbitration clause or any part of it shall be resolved pursuant to the Federal Arbitration Act 9 U.S.C. § 1 *et seq.* ("FAA"), and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) or the enforcement of the Arbitration clause in this Agreement.

E. *Arbitrator's Restrictions.* The powers of the Arbitrator shall be restricted as follows:

a) The Arbitrator shall have no authority to act contrary to the law;
b) The Arbitrator shall have no authority to Award incidental, special, multiple or consequential damages, punitive damages or multiple damages.
c) The Arbitrator shall award the prevailing party reasonable attorney's fees and its costs and expenses for expert witness's fees.
d) Any monetary Award in an Arbitration initiated under this Paragraph shall include

pre-award interest at the rate of 8% per annum from the time of the act or acts giving rise to the Award, and post-award interest at the statutory rate.

F. *Limitation of Liability.* You represent and agree that the sole entity against which You may seek damages or any remedy at law or in equity for any claim arising out of or relating to this Agreement is Happy Cat or its successors or assigns. You agree that the shareholders, directors, officers, employees and agents of Happy Cat and its affiliates and Happy Cat affiliates shall not be liable or named as a party in any Arbitration or legal action commenced by You. You acknowledge that Happy Cat has relied upon this representation in executing this Agreement. You agree with Happy Cat, and Happy Cat agrees with You, that neither of us shall have the right to claim exemplary, punitive, consequential or special damages from the other arising from or with respect to the performance or non-performance of this Agreement or any acts or omissions associated therewith or related thereto, but each party's claim shall be limited to compensatory damages for actual damages or losses for future earnings or profits.

G. *Operation of Franchised Business During Arbitration.* If this Agreement shall be terminated by Happy Cat and You should dispute the validity thereof and submit such dispute for Arbitration as hereinabove set forth, whichever party (Happy Cat or You, as to be decided by Happy Cat) should continue to operate the franchise pending adjudication of the matter in dispute shall be considered the agent of the prevailing party and shall be required to make a full and complete accounting of the results of such operation to the prevailing party.

H. *Arbitration Not Applicable to Certain Remedies.* Notwithstanding the provisions of this Paragraph 20, Happy Cat shall be entitled to pursue in any court having jurisdiction any post-termination remedies, including, but not limited to, injunctive relief to enforce any provisions of this Agreement including but not limited to the covenant not to compete, confidentiality provisions, post-termination provisions and trademark provisions provided by this Agreement or as permitted by law or in equity.

21. GENDER

In all cases where the context so requires, the masculine gender shall include the feminine and neuter genders, and the singular shall include the plural and the plural shall include the singular.

22. TAXES, LIENS, ETC

A. *Pay Taxes.* You shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by You in the conduct of Your Happy Cat Hotel. You shall pay to Happy Cat an amount equal to any gross receipts tax, or similar tax imposed on Happy Cat with respect to any payments to Happy Cat required under this Agreement, unless the tax is credited against income tax otherwise payable by Happy Cat.

B. *Comply with Laws.* You shall comply with all federal, state, and local laws; rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for

the full and proper conduct of The Happy Cat Hotel®, including, without limitation, licenses to do business, fictitious name registration, sales tax permits, and fire clearances.

C. *Reimburse Taxes.* You shall pay to Happy Cat any and all applicable municipal, state, county and/or federal sales taxes which now, or in the future, may be imposed on Happy Cat with respect to this franchise and the services performed and to be performed by Happy Cat for You, including royalty fees and advertising fees.

23. RELATIONSHIP BETWEEN PARTIES.

You acknowledge that this Agreement does not in any way create the relationship of joint venture, partnership, joint employer or principal and agent between Happy Cat and You. You shall not act or attempt to act, or represent Yourself, directly or by implication, as agent for Happy Cat or in any manner assume or create or attempt to assume or create any obligation on behalf of or in the name of Happy Cat, nor shall You act or represent Yourself as an affiliate of any other franchise holder of Happy Cat.

24. INTEGRATION.

This Agreement and all exhibits constitute the entire Agreement between the parties hereto relating to the subject matter hereof, and it supersedes all prior and contemporaneous agreements, understandings, conditions, warranties and representations (except to the extent otherwise set forth in this Agreement and in the Franchise Disclosure Document which You have received in connection herewith).

25. CONSENT TO JURISDICTION AND FORUM SELECTION

The parties hereto agree that in the event of litigation it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

A. *Consent to Jurisdiction.* You consent and agree that the following courts shall have personal jurisdiction over You in all lawsuits relating to or arising out of this Agreement and You hereby waive any defense You may have of lack of personal jurisdiction in any such lawsuits filed in these courts: (i) all courts included within the state court system of the State of Connecticut; and (ii) all courts of the United States of America sitting within the State of Connecticut including, but not limited to, all the United States District Courts sitting within the State of Connecticut.

B. *Venue*. You consent and agree that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and You hereby waive any defense You may have of improper venue in any such lawsuits filed in these courts: (i) the state court of the county where Happy Cat has its principal place of business (presently Hartford County); and (ii) the United States District Court for the District of Connecticut. In the event any of these courts are abolished, You agree that venue shall be proper in the state or federal court in Connecticut which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by You against Happy Cat

relating to or arising out of this Agreement (if not subject to the mandatory arbitration provisions of this Agreement) shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personal jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Happy Cat against You may be filed in any of the courts named in this Paragraph or in any court in which jurisdiction and venue are proper.

C. *Jury Trial Waiver.* EACH PARTY HEREBY WAIVES, WITHOUT LIMITATION, ANY RIGHT IT MIGHT OTHERWISE HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. THIS WAIVER IS EFFECTIVE EVEN IF A COURT OF COMPETENT JURISDICTION DECIDES THAT THE ARBITRATION PROVISION IN PARAGRAPH 20 IS UNENFORCEABLE.

D. *Service of Process.*

i. In all lawsuits relating to or arising out of this Agreement, You consent and agree that You may be served with process outside the State of Connecticut in the same manner as service may be made within the State of Connecticut by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and You hereby waive any defense You may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

ii. Updike, Kelly & Spellacy, P.C., 100 Pearl Street, Hartford, Connecticut 06103 is the Happy Cat agent authorized to receive Service of Process in Connecticut.

26. GOVERNING LAW: VALIDITY OF AGREEMENT

This Agreement shall become valid when executed and accepted by Happy Cat in Windsor, Connecticut, and it shall be governed by and construed under and in accordance with the laws of the State of Connecticut.

27. REMEDIES ARE CUMULATIVE

No right or remedy herein conferred upon or reserved to Happy Cat is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

28. DISCLAIMER

You acknowledge that You have conducted an independent investigation of the Happy Cat program, and recognize that the business venture contemplated by this Agreement involves business risks, and will be dependent upon Your ability and effort as an independent businessman. Happy Cat expressly disclaims the making of, and You acknowledge that You have not received any oral or written warranty, guaranty or

representation, expressed or implied, as to the past or potential volume, profits, or success of the business venture contemplated by this Agreement ("Financial Performance Representations"). If You are relying upon any Financial Performance Representations of existing Happy Cat franchisees, You acknowledge that all of such information was received directly from such franchisees, or other unaffiliated third parties, and not from Happy Cat or any agent or affiliate of Happy Cat. You understand that Happy Cat does not in any way warrant or confirm the accuracy of any such information.

29. ACKNOWLEDGMENT

You acknowledge that You have received a complete copy of this Agreement and the Schedules referred to herein, in their final, completed form, with all blanks filled in. You further acknowledge that You have received Happy Cat's currently effective Franchise Disclosure Document, including all Exhibits referred to therein, at least fourteen (14) business days prior to executing this Agreement.

30. CPI

Dollar amounts in this Agreement which are followed by the term "(as adjusted by any increase in the CPI)", shall be adjusted based upon the same percentage change as the percentage change in the Consumer Price Index (Consumer Price Index, 1982-84 = 100, United States City Average, All Urban Consumers, All Items) from December 31, 1989 which was 126.1. For example, when the Consumer Price Index is 145.0, the dollar amount would be increased by 15%.

31. PATRIOT ACT

You represent and warrant that to Your actual knowledge: (i) neither You, nor Your officers, directors, managers, members, partners or other individual who manages the affairs of Your franchise, nor any of Your affiliates or related parties, or any funding source for the Franchised Center, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither You nor any of Your affiliate or related parties are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither You nor any of Your affiliates or related parties are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither You nor any of Your affiliates or related parties are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither You nor any of Your affiliates or related parties, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither You nor any of Your affiliates or related parties will sell products, goods or services to, or otherwise enter into

a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. You agree to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

WITNESSETH: The parties have hereunto caused their hands to be set the ___ day of _____, 20_____.

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

By _____

Christopher Raimo, Its President

FRANCHISEE:

By _____

Name: _____
Its: _____

ANNEX TO HAPPY CAT FRANCHISING, LLC FRANCHISE AGREEMENT

The undersigned Franchisee warrants, acknowledges and represents as follows:

Initials

____1. NO ORAL OR WRITTEN REPRESENTATION OR STATEMENT HAS BEEN MADE BY FRANCHISOR (OR ANY OF ITS EMPLOYEES, AGENTS OR SALESPERSONS) TO THE FRANCHISEE AND/OR RELIED UPON BY FRANCHISEE AS TO THE FUTURE OR PAST INCOME, EXPENSES, SALES VOLUME, OR POTENTIAL PROFITABILITY, EARNINGS OR VIABILITY OF THE HAPPY CAT FRANCHISE, OR ANY OTHER HAPPY CAT FRANCHISE, OTHER THAN THE INFORMATION PROVIDED IN THE FRANCHISOR'S DISCLOSURE DOCUMENT.

____2. PRIOR TO THE EXECUTION OF THIS AGREEMENT, FRANCHISEE HAS HAD THE OPPORTUNITY TO CONTACT ALL EXISTING FRANCHISEES OF FRANCHISOR.

____3. FRANCHISEE HAS HAD THE OPPORTUNITY TO INDEPENDENTLY INVESTIGATE, ANALYZE AND CONSTRUE BOTH THE BUSINESS OPPORTUNITY BEING OFFERED HEREUNDER, AND THE TERMS AND PROVISIONS OF THIS AGREEMENT, UTILIZING THE SERVICES OF COUNSEL, ACCOUNTANTS OR OTHER ADVISORS (IF FRANCHISEE SO ELECTS).

____4. FRANCHISOR HAS CERTAIN RIGHTS RESERVED TO IT TO OWN AND OPERATE HAPPY CAT FRANCHISES; TO FRANCHISE OTHER HAPPY CAT FRANCHISES; AND TO OTHERWISE USE THE HAPPY CAT SYSTEM, PROPRIETARY MARKS, KNOW-HOW, TECHNIQUES AND PROCEDURES, INCLUDING (WITHOUT LIMITATION) THOSE EXPRESSLY SET FORTH IN THE FRANCHISE AGREEMENT.

____5. NO REPRESENTATION OR STATEMENT HAS BEEN MADE BY FRANCHISOR (OR ANY EMPLOYEE, AGENT OR SALESPERSON THEREOF) AND RELIED UPON BY FRANCHISEE REGARDING FRANCHISEE'S ABILITY TO PROCURE ANY REQUIRED LICENSE OR PERMIT THAT MAY BE NECESSARY TO THE OFFERING OF ONE OR MORE OF THE SERVICES CONTEMPLATED TO BE OFFERED BY THE HAPPY CAT FRANCHISE FRANCHISED HEREBY.

____6. FRANCHISEE HAS BEEN ADVISED TO CONSULT WITH HIS OWN ADVISORS WITH RESPECT TO THE LEGAL, FINANCIAL AND OTHER ASPECTS OF THIS AGREEMENT, THE BUSINESS FRANCHISED HEREBY, AND THE PROSPECTS FOR THAT BUSINESS. FRANCHISEE HAS EITHER CONSULTED WITH SUCH ADVISORS OR HAS DELIBERATELY DECLINED TO DO SO.

____7. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR'S APPROVAL OR ACCEPTANCE OF FRANCHISEE'S PREMISES DOES NOT CONSTITUTE RECOMMENDATION OR ENDORSEMENT OF THE LOCATION OF THE UNIT, NOR ANY ASSURANCE BY FRANCHISOR THAT THE OPERATION OF A UNIT AT THE PREMISES WILL BE SUCCESSFUL OR PROFITABLE.

____8. FRANCHISOR ACKNOWLEDGES THAT THIS INSTRUMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN PARTIES CONCERNING THE SAME SUBJECT MATTER.

Dated: _____, 20___

FRANCHISEE:

_____

By: _____
Its: _____

SCHEDULE A

GEOGRAPHICAL AREA

SCHEDULE B

CONDITIONAL ASSIGNMENT OF LEASE

THIS AGREEMENT dated this _____ day of _____, 20__ by and among **HAPPY CAT FRANCHISING, LLC** (the Franchisor), _____ (the Landlord) and _____ (the Franchisee/Tenant).

WHEREAS, the Landlord and the Franchisee/Tenant are parties to a certain Lease/Sublease Agreement dated the _____ day of _____, 20___ (the Lease) relating to premises described in **Schedule A** annexed hereto (the Premises); and

WHEREAS, the Franchisee/Tenant has entered into a Franchise Agreement (the Franchise Agreement) with the Franchisor to operate a Happy Cat franchise; and

WHEREAS, in order to provide continuity of this Happy Cat outlet, the Landlord desires to grant certain rights to the Franchisor under the Lease to protect Franchisor's interest under the Franchise Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth the parties agree as follows:

1. Notwithstanding anything to the contrary contained in the Lease:

A. The premises shall be used solely for the purpose of operating a Happy Cat Hotel®.

B. In the event the Franchise Agreement between the Franchisor and the Franchisee/Tenant shall expire or terminate, then the Franchisee/Tenant's rights pursuant to the Lease shall, at the option of the Franchisor, be assigned and transferred to it provided that the Franchisor shall assume and be liable for all of Franchisee/Tenant's obligations, duties and liabilities pursuant to the Lease.

2. The Franchisor shall exercise said option by sending the Landlord written notice of its intention to succeed to Franchisee/Tenant's rights under the Lease by certified mail, return receipt requested within thirty (30) days after the expiration or termination of the Franchise Agreement. Said notice shall, without any further action, operate as an Assignment of Franchisee/Tenant's rights under the Lease and the assumption by the Franchisor of the obligations, liabilities and duties of Franchisee/Tenant pursuant to the Lease. The Franchisor may thereafter assign the Lease to any Happy Cat Franchisee, subject to Landlord's approval, which approval will not be unreasonably withheld or delayed.

3.Notices of Default. The Landlord shall mail, within five (5) days of receipt, by first class mail, postage prepaid, to the Franchisor at the address below, copies of all written notices sent to or received from the Franchisee/Tenant, including without limitation, all notices of default:

Happy Cat Franchising, LLC
9a School Street
East Granby, CT 06026

4.Right to Cure. In the event the Franchisee/Tenant shall be in default under the Lease, the Franchisor may (but shall be under no obligation to), within thirty (30) days after receipt of written notice from the Landlord, cure such default (or such longer period of time if such default is not capable of being cured within thirty (30) days and the Franchisor is diligently proceeding to cure the default) and take immediate occupancy of the Premises without the Landlord's consent. The Franchisor may at any time before or after taking occupancy, relet the Premises to another Happy Cat franchisee with the Landlord's written approval of the new Franchisee/Tenant, which consent shall not be unreasonably withheld or delayed.

5.Right to Assign. The Franchisee/Tenant shall be permitted to assign its interest under the Lease and all rights and obligations thereunder at any time to the Franchisor without the Landlord's consent. The Franchisor shall be permitted to assign the Lease and all rights and obligations thereunder to another Happy Cat franchisee/tenant upon the Landlord's written approval of the new franchisee/tenant, which approval shall not be unreasonably withheld or delayed.

6.Acknowledgment of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises to take such steps as may be necessary to protect its interest under the Franchise Agreement including the removal of any signs and other Proprietary Marks of the Franchisor (without damage to the Premises).

7.Modification of Lease. The Landlord and the Franchisee/Tenant will not make any material modifications to the Lease without the Franchisor's prior written consent, which consent shall not be unreasonably withheld or delayed.

8.Conflict. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall supersede and control.

9.Binding Effect. This Agreement shall be binding upon the personal representatives, heirs, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR,

HAPPY CAT FRANCHISING, LLC

By: _____
Christopher Raimo, Its President

LANDLORD,

By _____

FRANCHISEE/TENANT,

By: _____

LEASE RIDER

1. Use of Marks. Landlord consents to Tenant's use and installation of the marks, trade dress, signage and related features associated with the franchised system that Franchisor may prescribe from time to time.

2. Remodel Rights. Tenant shall have the right to remodel, modify, paint and make installations in the interior of the leased premises as may be required by Franchisor from time to time, including without being liable under any continuous operation covenant.

3. Use Approval. Landlord represents that Tenant may operate the Leased Premises as [the franchised business] without violating any applicable law or another tenant's exclusive use provision.

4. No Other Assignment or Subletting. Tenant may not assign its interest in the Lease, nor sublet all or any portion of the Leased Premises, without Franchisor's written consent.

5. Access to Protect the Franchise System. Franchisor shall have the right to cause a de-image of the Leased Premises by entering to make any modifications to protect the franchised system, as to be determined by Franchisor in its sole discretion, without being guilty of trespass or liable for any tort. Franchisor agrees to repair any damage to the structure of the property caused by such entry. Tenant shall remain liable to reimburse Franchisor for the costs of such de-identification.

6. Rider Supersedes. Landlord acknowledges that Franchisor is not a party to the Lease. However, Franchisor is intended to be a third party beneficiary of the Lease Rider with an independent right to enforce its terms against Landlord and Tenant. Landlord and Tenant hereby waive any claim that Franchisor has no right to enforce the Lease Rider.

SCHEDULE C

CONFIDENTIALITY AND NON-COMPETE AGREEMENT FOR EMPLOYEES

IN CONSIDERATION OF his employment by , presently located at _____, CT (the "Employer"), and _____ (the "Employee") agree as follows:

1.Covenant Not to Disclose. The Employee covenants and agrees that, by virtue of the performance of the normal duties of his position with the Employer and by virtue of the relationship of trust and confidence between the Employee and the Employer, he possesses, and will continue to possess, certain data and knowledge of operations of the Employer which are proprietary in nature and confidential. The Employee covenants and agrees that he will not, at any time during, or for a period of two (2) years after the termination of his employment, whether under this Agreement or otherwise, reveal, divulge or make known to any person (other than the Employer), or use for his own account, any confidential, marketing strategies, business methods, data, trade secrets, pricing policies, personnel policies, methods or practices of obtaining or doing business or obtaining debt or equity by the Employer or any other confidential or proprietary information whatever (the "Confidential Information"), previously used or to be used by the Employer, or arising during the Employment Period and made known (whether or not with the knowledge and permission of the Employer, and whether or not developed, devised or otherwise created in whole or in part by the efforts of the Employee) to the Employee by reason of his employment by the Employer. The Employee further covenants and agrees that he shall retain all such knowledge and information which he shall acquire or develop respecting such Confidential Information in trust for the sole benefit of the Employer and its successors and assigns. Nothing contained in this paragraph shall prevent an employee from utilizing in such future employment as he may engage himself in subsequent to termination of those methods, practices and procedures which by their nature are common to the retail business of pet care service.

2.Covenant Not to Compete. The Employee covenants and agrees that for such period as he shall be employed by the Employer, whether under this Agreement or otherwise, and for a period of two (2) years after he leaves the employ of the Employer, for whatever reason, he will not, without the express written consent of the Employer, directly or indirectly, whether as principal or as agent, officer, director, employee, advisor, consultant, or otherwise, alone or in association with any person, firm, corporation or other business organization, carry on or be engaged, concerned or take part in, or render services to, or own any material interest or share in the earnings of, or invest in the stock, bonds or other securities of any person, firm, corporation or other business organization which: (i) does business within the geographical limits of a radius of twenty (20) miles from the location of the Employer; and (ii) is engaged in the cat hotel or boarding in whole or in part.

3.Non-Interference Covenant. The Employee covenants and agrees that he will not, at any time during this Agreement or after the termination of his employment, for whatever reason, whether for his own account or for the account of any other person, firm, corporation or other business organization, interfere with the relationship of the Employer or any of its employees, or endeavor to entice away from the Employer, any person who is employed by said Employer.

4.Business Materials. All written materials, records and documents made by the Employee or coming into his possession concerning the business or affairs of the Employer shall be the sole property of the Employer and, upon the termination of his employment with the Employer or upon the request of the Employer at any time, the Employee shall promptly deliver the same to the Employer and shall retain no copies thereof. Likewise, the Employee shall deliver to the Employer upon the termination of his employment with the Employer, all keys to Employer's property, offices and the like, all credit cards, authorizations and the like relating to the Employer and its business, and all Employer property in the possession of the Employee, including without limitation, stationery, office equipment, motor vehicles and printed materials.

5.Remedies. The Employee acknowledges and agrees that the Employer's remedies at law for any breach of his obligations under this Agreement would be inadequate, and agrees that, in addition to any other remedies to which it may be entitled, the Employer will be entitled to equitable relief, including temporary and permanent injunctive relief, to enjoin and restrain the Employee from committing any violation of this Agreement without the necessity of proof of actual damage, and the Employee hereby consents to the issuance of such injunction.

6.Severability. The provisions of this Agreement will be deemed separable and, if any portion hereof is held invalid for any reason, the remainder will not thereby be invalidated but will remain in full force and effect.

7.Governing Law. This Agreement will be governed by the laws of the State where the Employer's business is located.

8. Third Party Beneficiary. Happy Cat Franchising, LLC shall be deemed to be a third party beneficiary of this agreement, and shall, at its option, be entitled to enforce the provisions of this Agreement.

Dated this _____ day of _____, 20____.

EMPLOYER,

By _____
Its

EMPLOYEE,

_____

SCHEDULE D

PERSONAL GUARANTY

As an inducement to HAPPY CAT FRANCHISING, LLC ("Franchisor") to execute the Franchise Agreement dated _____, 20___ with _____ ("Franchisee"), a (corporation)(partnership)(limited liability company) organized and existing under the laws of the State of _____, the undersigned Guarantors hereby absolutely and unconditionally guarantee to Franchisor that all of the Franchisee's obligations under the Franchise Agreement ("Agreement") will be promptly and completely paid and performed.

Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment or performance by Franchisee. The Franchisor may, with or without notice, release and discharge any Guarantor without affecting the obligations of the remaining Guarantor(s).

The Guarantors waive any right to require the Franchisor to proceed against the Franchisee or any security held for any obligation of the Franchisee.

The Guarantors agree to pay reasonable attorneys' fees and costs of collection with respect to any actions taken to enforce this Guarantee.

Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guarantee but only for defaults and obligations hereunder existing at the time of death, and the obligations of the other guarantors will continue in full force and effect.

This Guarantee and any instrument or agreement required hereunder shall be governed by, and construed in accordance with, the laws of the State of Connecticut.

Guarantors hereby irrevocably submit and consent to the non-exclusive jurisdiction of the courts of the State of Connecticut and of the United States District Court for the District of Connecticut in any action or proceeding brought against it or them under this Guarantee.

Guarantors hereby further agree that the obligation of each is absolute and unconditional and without any right or offset or deduction by reason of any defenses, counterclaims or offset with the Franchisee or any of the undersigned, or any other guarantor may have against the Franchisor.

This Guarantee is a continuing unconditional guaranty of payment and may not be revoked or modified and shall continue until all sums due to the Franchisor pursuant to the terms of the Agreement have been paid in full.

If more than one Guarantor signs this agreement, their obligation shall be joint and several.

This Agreement shall inure to the benefit of the Franchisor, its successors and assigns. It is not assignable by the Guarantors.

The Guarantors agree to be bound by the Covenant Not to Compete and the Confidentiality provision in Paragraph 15 of the Franchise Agreement, and by the provisions relating to Proprietary Marks in Paragraph 1 C of the Franchise Agreement, and the arbitration provisions in Paragraph 20___, all of which provisions are incorporated herein by reference.

IN WITNESS WHEREOF, the undersigned have signed this Guarantee as of the _____ day of _____, 20___, and acknowledge receipt of a true copy of the Agreement.

GUARANTORS

_____
Signature

Print Name

Street Address:

City, State and Zip Code:
Telephone Number:
Social Security Number:

_____
Signature

Print Name

Street Address:

City, State and Zip Code
Telephone Number:
Social Security Number:

SCHEDULE E

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION
****This form MUST be accompanied by a Printed Voided Check or Bank Letter****

Franchisee Information

Franchisee Name:	
Franchisee Mailing Address (street):	
(city, state, zip)	
Franchisee Phone No.:	
Contact Name:	
Address **(if different from above):**	
(street, city, zip)	
Phone Number:	
Franchisee Email Address:	

Funds Settlement Information

Bank Name: **Account Owner:**	
Bank Mailing Address:	
(street, city, state, zip)	
Bank Routing No.:	
Bank Account No.:	

Authorization

_____(hereinafter, "User" or "Franchisee") hereby authorizes Happy Cat Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective. Undersigned represents and warrants to Franchisor that the person

executing this form is an authorized signatory on the Account referenced above and all information regarding the Account and Account Owner is true and correct.

Account Owner Signature _____ Date: _____

Printed Name & Title _____

Federal Tax ID Number _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK OR BANK LETTER

SCHEDULE F
SBA ADDENDUM AND STATE SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

ADDENDUM TO FRANCHISE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between Happy Cat Franchising, LLC ("Franchisor"), located at 446 BROAD STREET, WINDSOR, CONNECTICUT 06095, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the Franchise system must meet all SBA eligibility requirements.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement(s) to the contrary, the Agreement(s) is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement(s) provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement(s) to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois (including, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability) is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

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

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

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

INDIANA ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement(s) which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	HAPPY CAT FRANCHISING, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Waiver of State Law In Sale. Notwithstanding any provision of the Agreement(s) to the contrary, as a condition of the sale of a franchise, Franchisor shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Franchisor or any other person from liability under the Maryland Franchise Law.

3. No Release of Liability. Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Statute of Limitations. Any provision of the Agreement(s) which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. Jurisdiction. Notwithstanding any provision of the Agreement(s) to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

FRANCHISEE:

_____

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

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

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

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s). The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

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

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

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

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s).

2. Waivers Not Required. Notwithstanding any provision of the Agreement(s) to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3 Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement(s) to the contrary, the New York Franchises Law shall govern any claim arising under that law.

5. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

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

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

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

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s).

2. Amendments. The Agreement(s) (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement(s) (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

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

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

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

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum amends the Franchise Agreement (and Multi-Unit Development Agreement, if applicable) dated _____(the "Agreement(s)"), between Happy Cat Franchising, LLC, a Connecticut Limited Liability Company ("Franchisor") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Addendum have the meanings given in the Agreement(s).

2. Jurisdiction and Venue. Any provision of the Agreement(s) restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Addendum is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	HAPPY CAT FRANCHISING, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOUCMENT, FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

[*Signatures on following page*]

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	HAPPY CAT FRANCHISING, LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT B
Financial Statements

UNAUDITED BALANCE SHEET AS OF JULY 31, 2022 AND UNAUDITED PROFIT & LOSS STATEMENT FOR THE PERIOD FROM JANUARY 1, 2022 – JULY 31, 2022

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Happy Cat Franchising, LLC
Balance Sheet
As of July 31, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
1000 Business Checking - 9958	33,486.24
Total Bank Accounts	**$ 33,486.24**
Other Current Assets	
1400 Due To/From	
1420 Due to/from East Granby	-1,310.00
1430 Due To/From Windsor	-18,443.25
1450 Due To/From Holdings	-43,825.27
1460 Due to/from Home Sweet Home	-1,025.00
Total 1400 Due To/From	**-$ 64,603.52**
Total Other Current Assets	**-$ 64,603.52**
Total Current Assets	**-$ 31,117.28**
Other Assets	
1700 Deferred Franchise Sale Costs	
1720 Deferred Commissions	48,750.00
Total 1700 Deferred Franchise Sale Costs	**$ 48,750.00**
1800 Intangible Assets	
1810 App Development Costs	6,933.75
Total 1800 Intangible Assets	**$ 6,933.75**
Total Other Assets	**$ 55,683.75**
TOTAL ASSETS	**$ 24,566.47**
LIABILITIES AND EQUITY	
Liabilities	
Long-Term Liabilities	
2700 Deferred Franchise Revenue	181,500.00
Total Long-Term Liabilities	**$ 181,500.00**
Total Liabilities	**$ 181,500.00**
Equity	
3999 Retained Earnings	-695.60
Net Income	-156,237.93
Total Equity	**-$ 156,933.53**
TOTAL LIABILITIES AND EQUITY	**$ 24,566.47**

Happy Cat Franchising, LLC
Profit and Loss
January - July, 2022

	Total
Income	
4010 Royalty Revenue	10,744.56
4060 Technology Fee Revenue	2,800.00
Total Income	**$ 13,544.56**
Gross Profit	**$ 13,544.56**
Expenses	
6100 Wages & Benefits	
6110 Salaries & Wages	69,400.97
6120 Payroll Taxes	6,136.96
Total 6100 Wages & Benefits	**$ 75,537.93**
6300 Travel and Entertainment	
6310 Meals & Entertainment	1,589.28
6320 Airfare	7,145.99
6330 Hotels	2,647.11
6340 Rental Car / Gas / Tolls / Mileage	434.82
Total 6300 Travel and Entertainment	**$ 11,817.20**
6400 Legal & Professional Services	
6410 Legal	7,158.60
6420 Accounting	20,165.00
6430 Consulting	7,538.75
Total 6400 Legal & Professional Services	**$ 34,862.35**
6900 Business Administration	
6905 Bank Charges & Fees	147.11
6910 Office Supplies	840.17
6915 Software	3,236.22
6920 Website Hosting and Security	786.31
6935 Telephone and Internet	4,961.69
6945 Repairs & Maintenance	69.11
6952 Trade Shows	3,756.82
6953 Fees, Licenses & Memberships	1,755.00
6954 Training & Education	10,530.00
Total 6900 Business Administration	**$ 26,082.43**
7000 Advertising & Marketing	
7010 Advertising & Marketing	20,981.58
7020 Company Logo & Branding Supplies	243.00
7030 Print	258.00
Total 7000 Advertising & Marketing	**$ 21,482.58**
Total Expenses	**$ 169,782.49**
Net Operating Income	**-$ 156,237.93**
Net Income	**-$ 156,237.93**

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Member
Happy Cat Franchising LLC

Opinion

We have audited the accompanying financial statements of Happy Cat Franchising LLC (a limited liability company), which comprise the balance sheet as of December 31, 2021, and the related statement of operations, changes in member's equity (deficit) and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Happy Cat Franchising LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Correction of Error

As discussed in Note 3 to the financial statements, during the current year, the Company corrected an error with regard to improperly capitalizing start-up costs. Our opinion is not modified with respect to this matter.

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 Happy Cat Franchising LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

New York, New York
April 21, 2022

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)
BALANCE SHEET
DECEMBER 31, 2021

ASSETS

Current assets:	
Cash	$ 1,886
TOTAL ASSETS	$ 1,886

LIABILITIES AND MEMBER'S DEFICIT

Current liabilities:	
Accrued expenses	$ 1,132
Due to related parties	37,818
Total current liabilities	38,950
Commitments and contingencies (Note 7)	
Member's deficit	(37,064)
TOTAL LIABILITIES AND MEMBER'S DEFICIT	$ 1,886

See accompanying notes to financial statements.

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues:	
Franchise fees	$ 15,000
Technology fees	800
Total revenues	15,800
Operating expenses	38,041
NET LOSS	$ (22,241)

See accompanying notes to financial statements.

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)
STATEMENT OF CHANGES IN MEMBER'S EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2021

Member's equity - January 1, 2021, as previously reported	$	25,871
Correction of error (Note 3)		(40,694)
Balance - January 1, 2021, as restated		(14,823)
Net loss		(22,241)
MEMBER'S DEFICIT - DECEMBER 31, 2021	$	(37,064)

See accompanying notes to financial statements.

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities:		
Net loss	$	(22,241)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Changes in operating liabilities:		
Accrued expenses		1,132
Due to related parties		22,186
Net cash provided by operating activities		1,077
Net increase in cash		1,077
Cash - beginning		809
CASH - ENDING	$	1,886

See accompanying notes to financial statements.

HAPPY CAT FRANCHISING LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Happy Cat Franchising LLC (the "Company"), a wholly-owned subsidiary of Happy Cat Holdings, Inc. (the "Parent"), was formed on May 7, 2020, as a Connecticut limited liability company to sell franchises under the "Happy Cat Hotel" name and system pursuant to a license arrangement with the Parent. Pursuant to the Company's standard franchise agreement, franchisees will operate luxury styled hotels for cats known as "Happy Cat Hotel."

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable
Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of some of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisee accounts: franchisee creditworthiness, past transaction history with the franchisee, and current economic industry trends. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There were no accounts receivable at December 31, 2021.

Income taxes
The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2021.

The Parent files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

Revenue and cost recognition

In January 2021, FASB issued Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"), which permits franchisors, that are not public business entities, to elect a practical expedient to account for pre-opening services provided to its franchisees as distinct from the franchise license if the services are consistent with those included in ASU 2021-02. The accounting policy election would recognize all those pre-opening services as a single performance obligation. This standard is effective in interim and annual periods beginning after December 15, 2020, with early adoption permitted. The standard requires a full retrospective transition to the date ASC 606 was adopted.

The Company elected to adopt the practical expedient on January 1, 2021, which did not have a material impact on the Company's opening member's equity.

The Company derives substantially all its revenues from franchise fee revenue, royalty revenue, renewal fees, transfer fees, technology fees and advertising fund revenue.

Franchise fees and royalties

Contract consideration from franchisees consists primarily of initial or renewal franchise fees, multi-unit development agreement fees ("MUDAs"), sales-based royalties, sales-based advertising fund fees, technology fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company expects to also enter into MUDAs which grant a franchisee the right to develop two or more franchise territories. The Company collects an up-front fee for the grant of such rights. The initial franchise fees and up-front multi-unit fees are nonrefundable and collectable when the underlying franchise agreement or MUDA is signed by the franchisee. Sales-based royalties, sales-based advertising fund fees and technology fees are payable on a monthly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities are deemed to be distinct as they provide a benefit to the franchisee and are not highly interrelated or interdependent to the use of the Company's intellectual property. For all other pre-opening activities, if any, the Company will

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Franchise fees and royalties (continued)
determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property and therefore accounted for as a separate performance obligation.

All other pre-opening activities will be determined to be highly interrelated to the use of the Company's intellectual property and therefore accounted for as a component of a single performance obligation which is satisfied along with granting of certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities is recognized when the franchisee location opens.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUDAs generally consist of an obligation to grant the right to open two or more units. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are be earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty is deemed collectible.

Advertising fund
The Company will maintain an advertising fund which will be established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Advertising fund fees will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the advertising fund and therefore will recognize the revenues and expenses related to the advertising fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the advertising fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the advertising fund represent sales-based royalties related to the right to access the Company's intellectual property, which will be recognized as franchisee sales occur. As of December 31, 2021, and the date these financial statements were available to be issued, the Company has not established an advertising fund.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Advertising fund (continued)
When advertising fund fees exceed the related advertising fund expenses in a reporting period, advertising costs will be accrued up to the amount of advertising fund revenues recognized.

Other revenues
The Company recognizes revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Incremental costs of obtaining a contract
The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement and MUDAs. In the case of costs paid related to MUDAs for which no signed franchise agreement has been received, these costs are deferred until the signed franchise agreement is received.

Advertising
Advertising costs are expensed as incurred and are included in "Operating expenses" In the accompanying statement of operations and member's deficit. Advertising costs amounted to $5,110 for the year ended December 31, 2021.

Recently adopted accounting standard
In October 2018, FASB issued ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, which no longer requires nonpublic companies to apply variable interest entity guidance to certain common control arrangements. This standard is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company has elected to adopt and apply the alternative accounting and disclosures for certain variable interest entities provided to private companies pursuant to U.S. GAAP. The Company has determined that related parties, as described in Note 7, meet the conditions under the standard, and accordingly, is not required to include the accounts of related parties in the Company's financial statements.

Recently issued but not yet effective accounting pronouncements
In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheet and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Franchised outlets
The following data presents the status of the Company's franchised outlets as of December 31, 2021:

	2021
Franchises sold	1
Franchises purchased	-
Franchised outlets in operation	1
Franchisor-owned outlets in operation	-

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 21, 2022, the date on which these financial statements were available to be issued. Except as noted in Note 7, there were no material subsequent events that required recognition or additional disclosure in the financial statements.

NOTE 3. CORRECTION OF ERROR

During 2021, it was determined the Company had improperly capitalized certain start-up costs that should have been expensed in the period incurred. As a result, member's equity has been reduced by $40,694 at the beginning of 2021. Had the error not been made, net loss for 2020 would have been increased by $40,694.

NOTE 4. LIQUIDITY AND MEMBER'S DEFICIT

The Company has sustained a net loss and negative working capital and, as a result, has an accumulated member's deficit of $37,064 as of December 31, 2021. Since inception, the Company's operations have been funded through capital contributions from the Parent. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed in the future.

Subsequent to the year ended December 31, 2021, management has taken several actions to improve operating cash flows mainly through the sale of franchise agreements. As of the date these financial statements were available to be issued, the Company continues to sell franchises, and is generating royalty revenues from an open and operating franchisee. The Company believes that the combination of the actions taken will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued.

NOTE 5. CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

NOTE 6. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenues

The Company derives its revenues from franchisees located in Southeastern United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States, and the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition by type of revenue, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by timing of recognition for the year ended December 31, 2021:

Point in time:	
Franchise fees	$ 15,000
Technology fees	800
Total revenues	$ 15,800

NOTE 7. RELATED-PARTY TRANSACTIONS

Due to related parties

In the ordinary course of business, the Company periodically advances funds to and receives funds from entities affiliated through common ownership. No interest is charged on these advances. Advances to and from affiliates are noninterest bearing and have no specific date for repayment. Such amounts are expected to be satisfied within the next year and, accordingly, have been classified as current liabilities. The balance due to related parties amounted to $37,818 at December 31, 2021.

Trademark assignment agreement

On January 12, 2022, the Parent assigned the trademark to the Company. The previous license arrangement, as described in Note 1, was terminated as of the date of assignment.

NOTE 8. ADVERTISING FUND

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect advertising fund fees up to 2% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. As of December 31, 2021, the Company had not yet established an advertising fund.

HAPPY CAT FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2020

HAPPY CAT FRANCHISING, LLC
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REESE
CPA LLC

Independent Auditor's Report

To the Member
Happy Cat Franchising, LLC
Windsor, CT

Report on the Financial Statements

We have audited the accompanying balance sheet of Happy Cat Franchising, LLC as of December 31, 2020, and the related statements of operations, member's equity, and cash flows for the period from May 7, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Happy Cat Franchising, LLC as of December 31, 2020, and the results of their operations and their cash flows for the period from May 7, 2020 (Inception) through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornton, Colorado
May 31, 2020

15953 Fillmore Street • Thornton, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

HAPPY CAT FRANCHISING, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2020

ASSETS		
CURRENT ASSETS		
Cash and equivalents	$	809
TOTAL CURRENT ASSETS		809
NON-CURRENT ASSETS		
Franchise development costs		40,694
TOTAL ASSETS	$	41,503
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Due to related party	$	15,632
TOTAL CURRENT LIABILITIES		15,632
NON-CURRENT LIABILITIES		-
TOTAL LIABILITIES		15,632
MEMBER'S EQUITY		
Member contribution		50,654
Retained earnings		(24,783)
TOTAL MEMBER'S EQUITY		25,871
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	41,503

The accompanying notes are an integral part of these financial statements.

HAPPY CAT FRANCHISING, LLC
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM MAY 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

REVENUES	$	-
OPERATING EXPENSES		
Payroll and related costs		15,632
Professional fees		4,578
Advertising		3,137
General and administrative		1,436
TOTAL OPERATING EXPENSES		24,783
OPERATING LOSS		(24,783)
OTHER INCOME (EXPENSE)		-
NET LOSS	$	(24,783)

The accompanying notes are an integral part of these financial statements.

HAPPY CAT FRANCHISING, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE PERIOD FROM MAY 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	Member Contribution	Retained Earnings	Total Member's Equity
BALANCE, MAY 7, 2020 (INCEPTION)	$ -	$ -	$ -
Member contribution	50,654	-	50,654
Net (loss)	-	(24,783)	(24,783)
BALANCE, JUNE 30, 2020	**50,654**	**(24,783)**	**25,871**

The accompanying notes are an integral part of these financial statements.

HAPPY CAT FRANCHISING, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MAY 7, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	(24,783)
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash contributions		41,654
Changes in assets and liabilities		
Due to related party		15,632
Net cash provided by operating activities		32,503
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets		(40,694)
Net cash used for investing activities		(40,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contribution		9,000
Net cash provided by financing activities		9,000
NET INCREASE IN CASH		809
CASH, BEGINNING		-
CASH, ENDING	$	809
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$	-
Cash paid for taxes	$	-

The accompanying notes are an integral part of these financial statements.

HAPPY CAT FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Happy Cat Franchising, LLC ("Company") was incorporated on May 7, 2020, (Inception) in the State of Connecticut. The Company grants franchises to qualified persons to own and operate a hotel featuring the boarding of domestic cats (and no other pets or animals) in individually themed, luxury-styled rooms with full care services reminiscent of traditional hotel practices for individuals.

Parent and Affiliates

The parent company, Happy Cat Holdings, Inc.("HCHI"), was incorporated in Connecticut on December 6, 2017. HCHI was originally formed to operate the hotel in Windsor and now operates as the parent. The rights to operate the Windsor location were transferred to the affiliate Happy Cat Windsor, LLC in May 2020.

The Company has two affiliates.

The first affiliate, Happy Cat Windsor, LLC, was formed in Connecticut on May 7, 2020 as a limited liability company. This affiliate operates a Happy Cat Hotel in Windsor, Connecticut that has been open since November 2014.

The second affiliate, Happy Cat East Granby, LLC, was formed in Connecticut on May 7, 2020 as a limited liability company. This affiliate will be opening a Happy Cat Hotel in East Granby, Connecticut.

The parent and affiliates have not offered franchises in this or any other line of business.

Outlets in Operation

The following table summarizes the number of hotels owned and operating for the period ended May 21:

	2020
Hotels in operation, beginning	1
Hotels opened	1
Hotels terminated or closed	-
Hotels in operation, ending	2
Franchised hotels	-
Affiliate owned hotels	2

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Development Stage Operations

The Company's planned franchising activities, as previously described, have not yet commenced. Since its inception the Company has not sold any franchises or earned any revenue. The Company's activities are subject to significant risks and uncertainties, including failing to secure additional capital to fund operations until the Company achieves break-even operational status.

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2020.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2020 and did not charge-off any accounts receivable during the period from May 7, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2020.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had franchise developments costs of $40,694 on December 31, 2020. The Company will begin to amortize these costs over five years once the first franchise is sold.

Income Taxes

The Company has elected to be taxed as a "Disregarded Entity" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

The Company will evaluate the current year tax provisions at the end of the calendar year.

Revenue Recognition

The Company will follow the guidance of ASC 606 "Revenue from Contracts with Customers" which is effective for periods beginning after December 15, 2019. The Company's revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years.

Royalties are 6% of gross revenues, are billed monthly and are recognized as revenue when earned.

The Company had no revenue during the period from May 7, 2020 (Inception) through December 31, 2020.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Brand Fund Contribution

Contributions to the brand fund are 1% of gross revenue. The Company has reserved the right to increase the brand fund contribution to 2% of gross revenue. Contributions will be collected monthly and will be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year will be reported as deferred revenue on the balance sheet. The Company did not collect any brand fund contributions during the period from May 7, 2020 (Inception) through December 31, 2020.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the period from May 7, 2020 (Inception) through December 31, 2020, was $3,137.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents. The carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through May 31, 2021, the date on which the financial statements were available to be issued.

EXHIBIT C
List of Happy Cat Hotel Franchises

List of currently operational Happy Cat Hotel franchisees as of December 31, 2021:

Franchisee	City and State	Phone Number
JNL Bean, LLC (Leanne McRoberts)	Springfield, VA	703-338-0277

List of current Happy Cat Hotel franchisees that have signed a Franchise Agreement, but are not yet operational as of December 31, 2021:
None.

We currently do not have any franchisees that have signed a Multi-Unit Development Agreement.

List of former Happy Cat Hotel franchisees:
None.

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

EXHIBIT D
Multi-Unit Development Agreement

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "Agreement") is made and entered into as of _____ ("Effective Date"), by and between Happy Cat Franchising, LLC a Connecticut limited liability company ("we," "Franchisor", "us" or "our"), and _____, a _____ ("you", "Developer," or "your").

WHEREAS, Franchisor owns and intends to license certain proprietary and other property rights and interests in and to the "Happy Cat Hotel" trademark and service mark, and such other trademarks, trade names, service marks, logo types, insignias, trade dress, designs, and commercial symbols which Franchisor may from time to time authorize or direct Developer to use in connection with the operation of an Happy Cat Hotel Business (the "Marks").

WHEREAS, Franchisor has developed and continues to develop a system for the operation of hotels for cats featuring the boarding of domestic cats (and no other pets or animals) in individually themed, luxury-styled rooms with full care services reminiscent of traditional hotel practices for individuals and optional grooming services for cats, and this system features distinctive signs, programs and techniques, and various trade secrets and other confidential information, and also includes architectural designs, trade dress, uniforms, equipment specifications, layout plans, inventory, record-keeping and marketing techniques (the "System").

WHEREAS, Franchisor desires to expand and develop its system of Happy Cat Hotel locations, and seeks sophisticated and efficient multi-unit franchisees who will develop numerous Happy Cat Hotel units within a designated period of time.

WHEREAS, Developer desires to build and operate multiple Happy Cat Hotel units, and Franchisor desires to grant to Developer the right to build and operate said Happy Cat Hotel units in accordance with the terms and upon the conditions contained in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree, as follows:

1. Definitions. Words and phrases used in initially capitalized form in this Agreement have the meanings set forth in Section 30 of this Agreement unless the context indicates otherwise.

2. Development.

a. During the Development Term, you will have the right to develop _____ (___) Happy Cat Hotel units in accordance with the Performance Schedule as defined in Section 3 of this Agreement and within the locations described in Schedule A. Each Happy Cat Hotel unit will be at a site selected by you and approved, in writing, by us.

b. Franchisor expressly reserves the exclusive, unrestricted right, in its sole and absolute discretion, directly and indirectly, through its employees, affiliates, representatives, licensees, assigns, agents and others, to own or operate and to franchise or license others (which may include its affiliates and joint ventures in which it or its affiliates are participants) to own or operate a Happy Cat Hotel unit at any location that does not violate the territorial restrictions of the Franchisor in effect at the time, regardless of its proximity to any Happy Cat Hotel unit developed or under development or consideration by Developer.

c. In addition, Franchisor expressly reserves the exclusive, unrestricted right, in its sole and absolute discretion, directly and indirectly, through its employees, affiliates, representatives, licensees,

assigns, agents and others, (i) to own or operate and to franchise or license others (which may include its affiliates and joint ventures in which it or its affiliates are participants) to own or operate hotels or boarding centers for cats featuring the boarding of domestic cats (and no other pets or animals) in individually themed, luxury-styled rooms with full care services reminiscent of traditional hotel practices for individuals and optional grooming services for cats, and other businesses which operate under names other than "Happy Cat Hotel" at any location, and of any type or category whatsoever, regardless of its proximity to any Happy Cat Hotel unit developed or under development or consideration by Developer; and (ii) to produce, promote, license, distribute and market "Happy Cat Hotel" products, and products bearing other marks, at or through any location or outlet regardless of where located, and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, the Internet, and other distribution methods.

3. Performance Schedule.

a. Market Plan. Developer, within thirty (30) days of execution of this Agreement, shall meet with Franchisor and begin preparation of a development plan for (i) the opening of the Happy Cat Hotel unit and (ii) the selection of a site for each Happy Cat Hotel unit (the "Market Plan"). All development pursuant to this Agreement shall be in accordance with this Marketing Plan. The Market Plan shall include proposed target trade areas where sites are to be located, ranking and prioritizing site locations and other information customarily utilized by market planners in the obstacle course and related activities industry. Developer shall propose the Market Plan and Franchisor shall approve or disapprove the Market Plan in its reasonable discretion. The initial Market Plan shall be completed and approved by Franchisor and Developer no later than sixty (60) days from the date of execution of this Agreement. Developer acknowledges that no extensions of time with regard to the Minimum Development Obligation shall be granted by Franchisor to Developer as a result of Developer's failure to complete a satisfactory Market Plan within sixty (60) days of execution of this Agreement. The parties recognize that demographics, market economics, real estate values, competition and other conditions may change in the area surrounding any Happy Cat Hotel unit over the term of this Agreement and that such changes may impact the Market Plan.

b. Minimum Development. You must develop, construct, equip, open and thereafter continue to operate the number of Happy Cat Hotel units stated in Section 2, above, in accordance with the Development Schedule specified and attached hereto in Schedule A.

c. The developer may close a Happy Cat Hotel unit with the Franchisor's prior written consent to such closure (which Franchisor shall grant or withhold in Franchisor's sole discretion), if Developer demonstrates to Franchisor's satisfaction that the site of such Happy Cat Hotel unit has not operated profitably and is unlikely in the future to operate profitably regardless of any proposed changes made. For purposes of Developer's Minimum Development Obligation, any Happy Cat Hotel unit closed pursuant to this Section with Franchisor's consent shall continue to be counted as an operating Happy Cat Hotel unit for a period of 12 months following closure, and Developer shall be deemed in breach of the Minimum Development Obligation if immediately after said 12 month period the cumulative number of Happy Cat Hotel units then-operating is not equal to or greater than the cumulative number required to have been in operation as of the end of the immediately preceding Development Period. Developer shall execute a new Franchise Agreement for each subsequently opened Happy Cat Hotel unit, even if opened as a "replacement" for the closed Happy Cat Hotel unit.

d. If a Happy Cat Hotel unit opened and operated by Developer is destroyed or damaged, other than by a voluntary act of Developer, so that such Happy Cat Hotel unit cannot continue to operate, the destroyed or damaged unit shall continue to count toward satisfaction of the Minimum Development Obligation (during the period until such substitute location opens), but only if (i) Developer shall repair and restore such Store to Franchisor's then approved plans and specifications within 120 days after the

occurrence of such destruction or damage, subject to delays permitted by Section 32 (Force Majeure), or (ii) Developer shall, within 120 days after the occurrence of such destruction or damage, open a Happy Cat Hotel unit at a substitute location in accordance with Franchisor's then approved plans and specifications (any such substitute location and the Lease for such location must be approved in writing in advance by Franchisor pursuant hereto and Developer shall execute a new Franchise Agreement).

4. Development Term.

a. The "Development Term" of this Agreement commences on the Effective Date and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Section 32, the rights granted to you under this Agreement will expire on the opening date of the last Happy Cat Hotel unit in operation pursuant to the Performance Schedule, unless terminated earlier in accordance with this Agreement.

b. Renewal. Except to the extent otherwise provided herein, Developer shall have no right to renew this Agreement and Franchisor, and its affiliates may construct, equip, open and operate, and license or franchise others to construct, equip, open and operate additional Happy Cat Hotel units, without any restriction other than those specifically set forth in each Franchise Agreement.

5. Development Fee. When you sign this Agreement, you will pay us a non-refundable Development Fee according to the chart below. If you do not complete the Performance Schedule as defined in Article 3 of this Agreement, we have the right to retain the Development Fee and franchise fees you have paid and will be entitled to damages. The Development Fee shall be deemed fully earned upon the payment thereof and shall be non-refundable under any circumstances.

Number of Happy Cat Hotel Units	**Franchise Fee**	**Total (Development Fee)**
1	$45,000	$45,000
2	$42,500	$87,500
3	$42,500	$130,000
4	$42,500	$172,500
5	$42,500	$215,000
6	$42,500	$257,500
7	$42,500	$300,000
8	$42,500	$342,500
9	$42,500	$385,000
10	$42,500	$427,500

6. Site Submission. You shall submit to Franchisor such information regarding the proposed site, in the form which Franchisor shall from time to time require, together with a copy of an executed letter of intent containing the terms of the proposed lease for such site. We will review the submitted information and conduct any evaluation of the proposed site we deem appropriate. We may request any supplemental information we deem appropriate to evaluate the proposed site at any time and you will respond promptly, accurately and completely to such request for supplemental information.

7. Site Acceptance or Rejection. We retain the right to accept or reject each site selected by you, in our sole discretion. Within 30 days after your submission of all initial and supplemental information we request regarding a proposed site, we will give you notice of our acceptance or rejection of the site. If we

accept the site, the notice will set forth any remaining conditions to that acceptance. If we reject the site, the notice will set forth the reasons for the rejection. If we do not give you notice of our acceptance of the site within 30 days after your submission of all initial and supplemental information we request regarding the site, you may deem us to have preliminarily rejected the site. You acknowledge that we have not authorized and will not empower or authorize any officer employee or agent of ours to accept or reject any proposed site except in accordance with this Section 7. You agree not to rely upon any representations, written or oral, to the contrary.

8. Responsibility for Site Selection. You will have sole responsibility for selecting the Location of each of your Happy Cat Hotel units and all aspects of the site acquisition, negotiation and development process, including (without limitation) compliance with all applicable zoning, licensing, building codes, leasing and other requirements. Neither we nor our affiliates will have any responsibility, obligation or liability to you in connection with our efforts, assistance and/or advice in the selection and securing of a location for your use, nor will we have any liability for any consequences of your selection of a site or any aspect of the site acquisition, negotiation and development process. You acknowledge that our acceptance of a site does not constitute any representation, warranty or guaranty by us that the site will constitute a successful location for a Happy Cat Hotel unit and you waive and release us and our affiliates from any claims and causes of action in that regard. You confirm that, except as provided in Section 10 below, we will not become involved in any way in the site acquisition, negotiation or development process.

9. Issuance of Franchise Agreement. When we accept your proposed site, we will, if required by applicable law and if we have not done so already, transmit to you the Franchise Disclosure Document and execution copies of the Franchise Agreement for the Happy Cat Hotel unit, in the form attached hereto as Attachment B. You must sign and return to us the completed Franchise Agreement in accordance with our instructions, along with any remaining portion of the required initial franchise fee calculated as provided in Section 5, within 15 days after we tender the Franchise Agreement to you. If you fail to return the executed franchise agreement and the balance of the initial franchise fee to us within that 15-day period, we may revoke our acceptance of the proposed site. You will not begin construction or remodeling work at the accepted site until you have executed the Franchise Agreement, paid the balance of the initial franchise license fee to us, and obtained our approval of the lease and your plans and specifications as provided in the Franchise Agreement.

10. Our Services. During the Development Term, we will provide you with the following services:

a. Site Selection Services. We will provide you with written guidelines for site selection. You must, on your own initiative and at your own expense, locate, obtain and occupy the site and negotiate the lease for your Happy Cat Hotel unit.

b. Lease Approval. We will approve your execution of the lease for your Happy Cat Hotel units. You must submit the leases to us for our approval at least ten (10) days before you sign the agreement. You must send us a signed copy of the leases within five (5) days of both parties signing each lease.

c. Other Services. We will provide you with other resources and assistance that we may develop and then make available to new developers. We have no obligation to make any such other resources and assistance available.

11. Nature of Agreement. This Agreement only grants you the right to select sites for the construction of Happy Cat Hotel units and to submit those sites to us for our acceptance in accordance with this Agreement. This Agreement does not grant a license to use the name “Happy Cat Hotel” or any other trade name, service mark, or trademark of ours. This Agreement does not grant you the right to open or operate

any Happy Cat Hotel unit. You will obtain those rights only under a Franchise Agreement with us, if and when fully executed and delivered by you and us.

12. Additional Covenants. During the Development Term you and your owners covenant with us that you will not engage, either directly or indirectly through any financial or beneficial interest in any other person, in any Competitive Business, other than a Happy Cat Hotel business licensed by us. For a period of two (2) years after the termination, assignment or expiration of this Agreement for any reason, you may not engage in any Competitive Business within twenty (20) miles of the Territory, and within twenty (20) miles from any existing Happy Cat Hotel business. We may reduce the duration and/or geographic scope of this provision by written notice to you for applicable law. You will not employ or seek to employ any individual who, at the time, currently works or worked during the preceding three months for any of our other licensees or franchisees or for us, except with the consent of the affected licensee or franchisee or with our consent (as applicable). We will not employ or seek to employ any individual who, at the time, currently works or worked during the past three months for you except with your consent. The term "Competitive Business" is defined in Section 30 of this Agreement and in the form of Franchise Agreement attached as Attachment B.

13. Default. A default by you will occur under this Agreement if:

a. you default in the performance of any of your obligations under this Agreement or any other agreement with us or our affiliates, including (without limitation) the failure to meet the Performance Schedule or to make any payments as and when due to us or our affiliates,

b. you request the appointment of a receiver or have a receiver appointed for any of your business or assets, make a general assignment for the benefit of your creditors, or commence a case for relief or have an order for relief entered against you under the United States Bankruptcy Code, or

c. we discover a material inaccuracy in any of your representations in this Agreement or in your application for this Agreement.

14. Remedies. Upon the occurrence of a default by you, we will have the right to terminate this Agreement upon not less than 30 days' notice to you, or such longer period as may be required by applicable law. If you do not cure the default within that notice period, we may terminate this Agreement. If you cannot cure the default within the notice period because of the nature of the default or if you notify us orally or in writing that you do not intend to cure the default, we may terminate this Agreement immediately upon notice to you. Upon the termination of this Agreement, you immediately will cease to select and acquire sites for Happy Cat Hotel units or hold yourself out as an "Happy Cat Hotel" developer. The termination of this Agreement will not affect your right to complete development of and operate Happy Cat Hotel units in accordance with any executory Franchise Agreement with us.

15. CERTAIN WAIVERS.

a. YOU AND WE WAIVE THE RIGHT TO PURSUE AND RECEIVE ANY EXEMPLARY AND PUNITIVE DAMAGES AGAINST THE OTHER PARTY IN ANY DISPUTE ARISING UNDER THIS AGREEMENT OR RELATING TO THE FRANCHISE RELATIONSHIP, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON CONSTITUTIONAL, STATUTORY OR COMMON LAW.

b. THE PARTIES WAIVE THE RIGHT TO A JURY TRIAL IN ANY ACTION

RELATED TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE FRANCHISOR, THE FRANCHISEE, ANY GUARANTOR, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS.

16. Assignment.

a. Assignment by Us. We may transfer, assign or pledge this agreement, in whole or in part, to any person or entity without the consent of Developer and shall inure to the benefit of any transferee or their legal successor to Franchisor's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Franchisor's obligations under this Agreement. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights and obligations under this Agreement to a subsidiary or affiliated entity; (ii) sell its assets, its Marks, or its System outright to a third party (including or subject to this Agreement); (iii) go public; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Franchisor shall be permitted to perform such actions without liability or obligation to Developer who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof). Franchisor shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment.

b. Assignment by Developer. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the individual or collective character, reputation, skill, attitude, business ability, and financial capacity of Developer or, if applicable, its owners who will actively and substantially participate in the development, ownership and operation of the Happy Cat Hotel business. Accordingly, except as otherwise may be permitted herein, neither Developer nor any of Developer's owners shall directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or in all or substantially all of Developer's assets, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise (an "Assignment"), without Franchisor's prior written consent, which consent may be withheld for any reason whatsoever in Franchisor's sole subjective judgment. Developer's non-competition obligations under this Agreement shall survive any assignment or transfer of its rights and obligations under this Agreement.

c. If Developer is a business entity, each of the following shall be deemed to be an Assignment of this Agreement: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of 50% or more in the aggregate, whether in one or more transactions, of the assets, capital stock, membership interests or voting power of Developer, by operation of law or otherwise; (ii) the issuance of any securities by Developer which itself or in combination with any other transaction(s) results in the Owners existing as of the Effective Date, owning 50% or less of the outstanding shares, membership interests or voting power of Developer as constituted as of the date hereof; (iii) if Developer is a Partnership, the withdrawal, death or legal incapacity of a general partner or limited partner owning 50% or more of the voting power, property, profits or losses, or partnership interests of the Partnership (each of which is referred to hereinafter as a "Partnership Right"), or the admission of any additional general partner or the transfer by any general partner of any of its Partnership Rights in the Partnership; (iv) the death or legal incapacity of any Owner owning 50% or more of the capital stock, voting power, or Partnership Rights of Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer control of the Developer, however effected.

d. You may raise additional equity by the sale of your equity interests in exchange for cash or property (but not services) so long as you comply with the following procedures:

(i) The proposed transferee must satisfy all of the requirements and conditions then being used to qualify as a new franchisee of ours, including submission of a completed franchise application at least 30 days before the investment transaction,

(ii) You must satisfy all of your monetary obligations then due and owing to us and our Affiliates,

(iii) You must cure all existing defaults under this Agreement,

(iv) You and your owners must execute and deliver a general release of all claims and causes of action against us and our Affiliates, and

e. Upon the death or mental incapacity of any person with an interest in a Happy Cat Hotel unit, the executor, administrator, or personal representative of that person must transfer such interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Happy Cat Hotel unit, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Upon the death of the Franchisee or if a business entity, an owner who owns more than forty nine percent (49%) or more of the Business or in the event of any temporary or permanent mental or physical disability of such person, a manager shall be employed for the operation of the Happy Cat Hotel business who has successfully completed our training courses to operate the Business on behalf of the Franchisee. If after the death or disability of the named owner, the Business is not being managed by such trained manager, we may at our option, appoint a manager to maintain the operation of the Business until an approved transferee or manager will be able to assume the management and operation of the Business, but no such operation and management of the Business will continue for more than ninety (90) days without the approval of the personal representative of the named Owner (renewable as necessary for up to one year) and we will periodically discuss the status of the Business with the personal representative of the named Owner; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to any other fees due, we shall charge such fund the full amount of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that we shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the named Owner or personal representative of the named owner, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the named owner during any period in which it is managed by our appointed or approved manager.

Within thirty (30) days after the effective date of legal transfer of the franchise to Franchisee's heirs or successors of Franchisee's owners, the heirs or successors must notify us in writing

and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer except that there will be no transfer fee.

f. You may designate a person that is a business entity that your owners control, as the franchisee party to a Franchise Agreement at the time you submit your site information for the Happy Cat Hotel unit. You will use our then current form of franchise application to provide information on all persons who are to be owners of the franchisee of that Happy Cat Hotel unit. We may disapprove of any person you propose to be an owner and provide notice of our disapproval when we provide you with the Franchise Agreement. We may delay tender of the Franchise Agreement to complete our evaluation of the proposed owners of the franchisee.

17. Indemnification. You will indemnify and hold us and our affiliates harmless from any and all costs and damages, including (without limitation) attorneys' fees and expenses, arising from your performance under this Agreement, your activities as developer of each Happy Cat Hotel unit, including (without limitation) the identification, investigation, acquisition and financing of any site and the construction, remodeling and operation of any Happy Cat Hotel unit, and including any claims or causes of action alleging our negligence or that you are acting as our agent in any way. You must provide and pay the costs of defense and resolution for us and our affiliates, using legal counsel acceptable to us and our affiliates. We and our affiliates will have the right (but not the obligation) to participate in that defense. This Section shall survive termination or expiration of this Agreement.

18. Relationship of Parties. Neither this Agreement nor the performance of the obligations set forth in this Agreement will operate to make you our partner or agent. Neither party will have the authority to act or contract on behalf of the other. Neither party will have any responsibility for the obligations of the other party. You will indicate clearly the independent ownership of your business in all public records and in all of your dealings with third parties.

19. Entire Agreement. This Agreement will constitute the entire agreement of the parties with regard to the subject matter of this Agreement and will replace and supersede all other written and oral agreements and statements of the parties relating to the subject matter of this Agreement. Neither party is relying on any writing to enter into this Agreement other than as set forth in this Agreement and the Franchise Disclosure Document delivered to you.

20. Waiver. The failure of a party to insist in any one or more stances on the performance of any term or condition of this Agreement will not operate as a waiver of any future performance of that term or condition.

21. Notices. Except as otherwise provided m this Agreement, when this Agreement requires notice, the sending party must deliver or address the notice to the other party by certified mail, telecopy, or delivery service with receipted delivery, or by electronic mail followed by transmittal of the original by first class United States Mail, to the following address or telecopy number.

Us: Happy Cat Franchising, LLC
9a School Street
East Granby, CT 06026
Attention: President

You: _____
_____
_____

Attention: _____
Email: _____

All notices will be deemed delivered and received if transmitted to the proper address on the earlier of (a) the date that the other party receives or refuses delivery of the notice or (b) three (3) business days after the party places the notice in the United States mail, first class postage prepaid. Each party may change the party's address by giving notice to the other party.

22. Governing Law. This Agreement shall be governed by the laws of Connecticut (without regard to any conflicts of law principles).

23. Dispute Resolution and Venue. Subject to Section 17, the provisions of Article 20 and Article 25 of the Happy Cat Franchising, LLC Franchise Agreement apply to and are incorporated into this Agreement as if fully set forth herein.

24. Legal Fees. In the event either party succeeds in any legal action to enforce the provisions of this Agreement, the losing party will reimburse the prevailing party for its attorneys' fees and costs related to the action, in addition to any other relief obtained by the prevailing party. The award will include an amount for that portion of the prevailing party's administrative overhead reasonably allocable to the time devoted by the prevailing party's in-house legal staff.

25. Construction. The parties acknowledge that each party and/or its legal counsel have reviewed and made revisions to this Agreement. The rule of construction requiring the resolution of any ambiguities in this Agreement against the drafting party will not apply to the construction of this Agreement or any attachments to this Agreement.

26. Authority. Each individual executing this Agreement in a representative capacity represents and warrants that he or she has the authority to execute this Agreement in the capacity indicate.

27. Severability. If a court of competent jurisdiction holds any provision of this Agreement invalid or ineffective with respect to any person or circumstance, the holding will not affect the remainder of this Agreement or the application of this Agreement to any other person or circumstance. If a court of competent jurisdiction holds any provision of this Agreement too broad to allow enforcement to its full extent, the court will have the power and authority to enforce the provision to the maximum extent permitted by law and may modify the scope of the provision accordingly pursuant to an order of the court.

28. Amendment. No amendment to this Agreement will become effective or binding on the parties, unless agreed to by all of the parties.

29. Counterparts. The parties may execute this Agreement in counterparts, each of which will constitute an original and all of which, when taken together will constitute one and the same instrument.

30. Definitions. Unless the context of their use in this Agreement requires otherwise, the following words and phrases will have the following meanings when used in initially capitalized form in this Agreement:

"*Competitive Business*" means any (a) business such as hotels or boarding centers for cats featuring the boarding of domestic cats (and no other pets or animals) in individually themed, luxury-styled rooms with full care services reminiscent of traditional hotel practices for individuals and optional grooming services for cats, or (b) business granting franchises or licenses to others to operate the type of business described in the Franchise Disclosure Document and Franchise Agreement.

"*In Operation*" means:

(i) the delivery to us of an executed franchise agreement and required initial franchise fee for the store,
(ii) the opening of the store to the general public, and
(iii) the continuous operation of the store in accordance with the terms of the franchise agreement for the store.

"*Performance Schedule*" means the schedule described in Section 3 of this Agreement.

31. Your Representations. You represent to us as follows:

a. Variances to Other Developers and Franchisee. You understand that other developers and franchisees may operate under different forms of agreements and, consequently, that our rights and obligations with regard to our various developers and franchisees may differ materially in certain circumstances.

b. This Transaction. You and the persons signing this Agreement for you have full power and authority and have been duly authorized, to enter into and perform or cause performance of your obligations under this Agreement. You have obtained all necessary approvals of your owners, Board of Directors, and lenders. No executory franchise, license or affiliation agreement for the Happy Cat Hotel units exists other than this Agreement. Attachment A accurately states the names, addresses and ownership percentages of your owners. Your execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which you or any of your owners is a party or is subject or to which the Location is subject. Neither you nor the Location is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date you execute this Agreement and was not within the three years preceding such date, except as disclosed in your franchise application. To the best of your knowledge, neither you, your owners, your officers, directors, contractors, or employees or anyone else affiliated or associated with you, whether by common ownership, by contract, or otherwise, has been designated as, or are, a terrorist, a "Specially Designated National" or a "Blocked Person" under U S Executive Order 13224, in lists published by the US Department of Treasury's Office of Foreign Assets Control, or otherwise.

c. No Misrepresentations or Implied Covenants. All written information you submit to us about the locations of your Happy Cat Hotel units, you, your owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered and when you sign this Agreement, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between we and you except as expressly stated in this Agreement.

32. Force Majeure. Should Developer be unable to meet the Minimum Development Obligation solely as the result of "Force Majeure," including, but not limited to strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including, but not limited to any legal disability of Franchisor to deliver any Franchise Disclosure Document required by law to be delivered as contemplated in this Agreement), which result in the inability of Developer to construct or operate any Happy Cat Hotel unit at the location initially selected by Developer, and which Developer could not by the exercise of due diligence have avoided, Developer may request that Franchisor extend the affected Development Periods by the amount of time during which such Force Majeure shall exist. Franchisor will not unreasonably decline

to extend the applicable Development Period(s) in such event, provided that Developer shall have promptly (in any event not more than 30 days after commencement of the Force Majeure) submitted its request therefor in writing and promptly furnished Franchisor such information concerning the circumstances as Franchisor may reasonably require. In the event of any said legal disability of Franchisor to deliver a Franchise Disclosure Document, Franchisor shall diligently use all commercially reasonable efforts promptly to remove such legal disability.

IN WITNESS WHEREOF, the parties have executed and delivered this Multi-Unit Development Agreement, intending to be legally bound, as of the Effective Date.

DEVELOPER:

_____

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

FRANCHISOR:

HAPPY CAT FRANCHISING, LLC

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

MULTI-UNIT SCHEDULE A

MINIMUM DEVELOPMENT OBLIGATIONS

Developer is required to develop the following number of business in the time periods set forth below (the "Minimum Development Obligations").

Unit # and Location	Deadlines
#1 Location:	Unit open within 9-12 months after signing this Agreement
#2 Location:	Unit open within 18-24 months after signing this Agreement
#3 Location:	Unit open within 36 months after signing this Agreement
#4 Location:	Unit open within 45 months after signing this Agreement
#5 Location:	Unit open within 54 months after signing this Agreement
#6 Location:	Unit open within 60 months after signing this Agreement
#7 Location:	Unit open within 60 months after signing this Agreement
#8 Location:	Unit open within 60 months after signing this Agreement
#9 Location:	Unit open within 60 months after signing this Agreement
#10 Location:	Unit open within 60 months after signing this Agreement

The Franchisor may extend any applicable opening deadlines for a reasonable period of time if, in the opinion of the Franchisor the Franchisee is unable to find a suitable location for the relevant unit within the desired market.

ATTACMENT A

DEVELOPER OWNERSHIP CHART

The following chart accurately states the names, addresses and ownership percentages of all owners of the Developer:

Owner Name	Owner Address	Ownership Percentage
		%
		%
		%
		%

EXHIBIT E
State Administrators and Agents for Service of Process

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2001 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

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EXHIBIT G
State Specific Addenda to the Franchise Disclosure Document

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

1. 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 OFFERING CIRCULAR.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Item 3

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Item 6

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

Item 17

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination, Transfer, and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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

Arbitration. The franchise agreement requires binding arbitration. The arbitration will occur at Windsor, Connecticut, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Applicable Law. The franchise agreement requires application of the laws of the State of Connecticut. This provision may not be enforceable under California law.

Modification. Section 31125 of the California Corporations Code requires us to give you a

disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

Item 19

The following is added to Item 19:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Happy Cat Hotel business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____

2. A proposed registration or filing is or will be shortly on file in the following states: _____

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

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

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

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

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER

WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

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

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the

regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

2. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

3. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

4. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

5. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

6. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

7. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

8. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

9. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

10. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

11. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Schedule F to Exhibit A to this Disclosure Document (Franchise Agreement) for Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement, and Related Agreements)

EXHIBIT H
State Effective Dates

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Receipt

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read the disclosure document and all agreements carefully.

If Happy Cat Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Happy Cat Franchising, LLC does not deliver this disclosure document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred, and should be reported to the federal trade commission, Washington, D.C. 20580 and the state agency listed on **Exhibit E**.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: Christopher Raimo, 9a School Street, East Granby, CT 06026, (844) 422-8386.

We authorize the agents listed in **Exhibit E** to receive service of process for us.

Issuance Date: April 22, 2022; as amended September 15, 2022

I received a disclosure document dated April 22, 2022; as amended September 15, 2022 that included the following Exhibits:

Franchise Agreement	Exhibit A
Schedules to Franchise Agreement	
Geographical Area	**Schedule A**
Conditional Assignment of Lease	**Schedule B**
Confidentiality and Non-Compete Agreement for Employees	**Schedule C**
Personal Guaranty	**Schedule D**
Automated Clearing House Payment Authorization	**Schedule E**
SBA Addendum and State Specific Addenda to the Franchise Agreement and Multi-Unit Development Agreement	**Schedule F**
Financial Statements	Exhibit B
List of Happy Cat Hotel Franchisees	Exhibit C
Multi-Unit Development Agreement	Exhibit D
State Administrators and Agents for Service of Process	Exhibit E
Operations Manual Table of Contents	Exhibit F
State Specific Addenda to the Franchise Disclosure Document	Exhibit G
State Effective Dates	Exhibit H

_____ _____

Signature and Title Date Received

_____

Print Name and Company

Keep this copy for your records.

Receipt

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read the disclosure document and all agreements carefully.

If Happy Cat Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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State Effective Dates	Exhibit H

_____ _____

Signature and Title Date Received

_____

Print Name and Company

Please sign this copy of the Receipt, print the date on which you received this Disclosure Document, and return it, by mail or email, to Happy Cat Franchising, LLC, 9a School Street, East Granby, CT 06026, info@happycathotel.com.