FRANCHISE DISCLOSURE DOCUMENT
Instinct Dog Training Inc.
a New York corporation
181 East 111th Street
New York, New York 10029
(646) 868-8105
www.instinctdogtraining.com
franchise@instinctdogtraining.com

INSTINCT
DOG BEHAVIOR & TRAINING®

This franchise is for the operation of a business under the name and mark "Instinct Dog Behavior & Training" which offers individual and group dog training, dog boarding services, day school and assorted other services of interest to dog owners. We offer start-up, conversion and add-on franchise programs.

The total investment necessary to begin operation of a start-up Instinct Dog Behavior & Training business ranges from $142,640 to $889,280. This includes $40,000 to $58,000 that must be paid to the franchisor or its affiliates. The initial investment necessary to begin operation of a conversion or add-on Instinct Dog Behavior & Training business ranges from $89,040 to $406,730. This includes $20,000 to $30,000 that must be paid to the franchisor or its affiliates.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brian Burton at 181 East 111th Street, New York, New York, 10029, and (646)868-8105.

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

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

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

Issuance Date: ~~February 10, 2021~~

July 7, 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 franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide 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 Instinct Dog Behavior & Training 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 an Instinct Dog Behavior & Training franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the 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 agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state 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 New York than in your own state.

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

3) **Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from $142,640 to $889,280. This amount exceeds the franchisor's stockholders' equity as of October 31, 2020, which is ($~~174,668~~319,042).

4) **Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. If so, check the "Multi-State Addendum" (if any) to see whether your state requires other risks to be highlighted.

TABLE OF CONTENTS

~~ITEM 1~~ 1

~~THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES~~ 1

~~ITEM 2~~ 3

~~BUSINESS EXPERIENCE~~ 3

~~ITEM 3~~ 3

~~LITIGATION~~ 3

~~ITEM 4~~ 3

~~BANKRUPTCY~~ 3

~~ITEM 5~~ 3

~~INITIAL FEES~~ 3

~~ITEM 6~~ 4

~~OTHER FEES~~ 4

~~ITEM 7~~ 10

~~ESTIMATED INITIAL INVESTMENT~~ 10

~~ITEM 8~~ 15

~~RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES~~ 15

~~ITEM 9~~ 18

~~FRANCHISEE'S OBLIGATIONS~~ 18

~~ITEM 10~~ 19

~~FINANCING~~ 19

~~ITEM 11~~ 20

~~FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING~~ 20

~~ITEM 12~~ 31

~~TERRITORY~~ 31

~~ITEM 13~~ 33

~~TRADEMARKS~~ 33

~~ITEM 14~~ 35

~~PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION~~ 35

~~ITEM 15~~ 36

~~OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS~~ 36

~~ITEM 16~~ 37

~~RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL~~ 37

~~**ITEM 17**~~ **38**

~~RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION~~ 38

~~**ITEM 18**~~ **40**

~~PUBLIC FIGURES~~ 40

~~**ITEM 19**~~ **40**

~~FINANCIAL PERFORMANCE REPRESENTATIONS~~ 40

~~**ITEM 20**~~ **42**

~~OUTLETS AND FRANCHISEE INFORMATION~~ 42

~~**ITEM 21**~~ **45**

~~FINANCIAL STATEMENTS~~ 45

~~**ITEM 22**~~ **45**

~~CONTRACTS~~ 45

~~**ITEM 23**~~ **46**

~~RECEIPTS~~ 46

ITEM 1 **1**

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

ITEM 2 **3**

BUSINESS EXPERIENCE 3

ITEM 3 **3**

LITIGATION 3

ITEM 4 **3**

BANKRUPTCY 3

ITEM 5 **3**

INITIAL FEES 3

ITEM 6 **4**

OTHER FEES 4

ITEM 7 **10**

ESTIMATED INITIAL INVESTMENT 10

ITEM 8 **15**

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 15

ITEM 9 **18**

FRANCHISEE'S OBLIGATIONS 18

ITEM 10 **19**

FINANCING 19

ITEM 11 **20**

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 20

ITEM 12 31

TERRITORY 31

ITEM 13 33

TRADEMARKS 33

ITEM 14 35

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 35

ITEM 15 36

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 36

ITEM 16 37

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 37

ITEM 17 38

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 38

ITEM 18 40

PUBLIC FIGURES 40

ITEM 19 40

FINANCIAL PERFORMANCE REPRESENTATIONS 40

ITEM 20 42

OUTLETS AND FRANCHISEE INFORMATION 42

ITEM 21 45

FINANCIAL STATEMENTS 45

ITEM 22 45

CONTRACTS 45

ITEM 23 46

RECEIPTS 46

EXHIBITS

A - State Administrators/Agents for Service of Process
B - Financial Statements
C - Franchise Agreement
D - List of Franchisees and Franchisees Who Have Left the System
E - Table of Contents of Operations Manual
F – State Specific Addenda
G – Form of General Release
H - ~~Receipts~~Promissory Note
I - Security Agreement
J - Personal Guaranty

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

The Franchisor

To simplify the language in this Disclosure Document, "we", "us", and "Instinct Dog Behavior & Training" means Instinct Dog Training Inc., the franchisor. "You" means the person who buys the franchise and includes your owners, if you are a sole proprietorship, corporation, partnership or limited liability company.

Instinct Dog Training Inc. is a New York corporation that was formed on October 5, 2017. We do business under our corporate name and as "Instinct Dog Behavior & Training". Our principal business address is 181 East 111th Street, New York, New York, 10029. We do not own or operate a business of the type being franchised. We have not offered franchises in any other business. We began offering franchises as of January 2018.

Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

We do not have any parent or predecessor, but we have two affiliates.

Our first affiliate is Instinct Dog Behavior & Training LLC, a New York limited liability company, formed on December 21, 2009, and headquartered at our address ("Affiliate"). Our Affiliate owns and operates one business of the type being franchised in New York, New York, which has been in operation since December 2009. Our Affiliate has never offered franchises in this or any other line of business and is not an approved supplier of any product or service you must purchase or lease. Our Affiliate owns some of the proprietary marks, described in Item 13, which it has licensed to us so that we may sublicense them to our franchisees.

Our second affiliate is Instinct Dog Training Inc., a Canadian corporation and wholly owned subsidiary, located at 5 Court Street, Cape Breton, Nova Scotia, B2A 0C9, Canada ("Canadian Affiliate"). Our Canadian Affiliate provides call center and IT services to our franchisees. Our Canadian Affiliate has never offered franchises in this or any other line of business.

Our third affiliate is Peaceful Pet Products, LLC, a New York limited liability company, formed on April 23, 2015 ("IP Affiliate"). Our IP Affiliate is the owner of one of our proprietary marks which it has licensed to us so that we may sublicense them to our franchisees. Our IP Affiliate has never offered franchises in this or any other line of business and is not an approved supplier of any product or service you must purchase or lease.

The Franchise Offered

We offer, to qualified persons, the opportunity to own and operate a business (the "Franchised Business") under the name and mark "Instinct Dog Behavior & Training" which offers individual and group dog training, dog boarding services for alumni dogs (dogs that have successfully completed our training program) and special needs dogs, day school and assorted other services of interest to dog owners. There are two Instinct Dog Behavior & Training models: a "Facility" that will offer to clients the complete and full line of services available at Instinct Dog Behavior and Training businesses, and a "Studio" that will offer day school, limited lessons and classes, and optional boarding services to clients.

We offer start-up, conversion and add-on franchise programs. A conversion franchise is an existing facility providing dog training services that wishes to convert to our System. Conversion franchisees must meet our criteria before they will be offered a franchise. Our criteria include: the existing business uses a positive reinforcement approach to dog training, willingness of the conversion franchisee and/or its staff to become certified to our requirements, conversion to our System must occur within a specified timeframe, and the existing business must meet our minimum prior year revenue requirements. An add-on franchise is an existing pet care services business, such as a veterinarian or pet groomer, that wishes to add an Instinct Dog Behavior & Training franchise to their business.

You must have a Director of Operations to oversee the care of dogs being boarded and the hiring and management of the canine care team at your Franchised Business, a Director of Behavior and Training to oversee all instructors and dogs in training, and a canine care team sufficient to meet client demand to provide dog training according to our standards. Item 15 of this Disclosure Document includes more information regarding the qualifications and certification required of certain of your staff members.

We have developed a distinctive system which includes specific materials and supplies; methods, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the "System"). The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "Instinct Dog Behavior & Training", as is now designated and together with any other proprietary marks as may in the future be designated by us in writing for use with the System (the "Proprietary Marks" or "Marks").

We offer opportunities to establish a single Instinct Dog Behavior & Training business at an agreed-upon location. If you purchase a franchise, you will sign our Franchise Agreement, which is attached to this Disclosure Document as Exhibit C.

Market and Competition

The market for the products and services provided by a Franchised Business is competitive, and your customers include anyone who owns a dog in an urban or suburban residential area. Your customers must participate actively in the dog training process.

You will compete directly with local and regional businesses that sell and offer dog day care and overnight boarding services, as well as national dog day care and overnight boarding services, retail pet supply stores, groomers, dog walkers, and other retail pet related franchises that sell dog food and dog merchandise. This business is year-round.

Industry Specific Regulations

There are no regulations specific to this industry. You will have to obtain local business permits before opening, which may include a local permit to operate a kennel service. There may be animal welfare and hygiene laws with which you must comply. There may be other local or state laws applicable to your business, so we urge you to make further inquiries.

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Brian Burton—Co-Chief Executive Officer & Cofounder

Brian Burton has been our Chief Executive Officer and Cofounder since our inception in October 2017. From December 2009 to the present, Mr. Burton has been Co-Chief Executive Officer & Cofounder of our Affiliate, Instinct Dog Behavior & Training LLC, located in New York, New York.

Sarah Fraser—Co-Chief Executive Officer & Cofounder

Sarah Fraser has been our Chief Executive Officer and Cofounder since our inception in October 2017. From November 2009 to the present, Ms. Fraser has been Co-Chief Executive Officer & Cofounder of our Affiliate, Instinct Dog Behavior & Training LLC, located in New York, New York.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee: The initial franchise fee is $40,000 ("Initial Franchise Fee"). The Initial Franchise Fee is payable in a lump sum upon execution of the Franchise Agreement and is fully earned upon receipt.

From time to time we may offer special incentive programs as part of our franchise development activities. We currently offer an incentive program where we will discount the Initial Franchise Fee by 20% to veterans and active-duty military personnel and for a second and each additional Franchise Agreement you sign with us. We also currently offer a 50% discount if you are a board-certified veterinary behaviorist and a 20% to 50% discount, in our discretion, to our current and former employees. We have the right to offer, modify or withdraw any incentive program without notice to you.

During our fiscal year ended December 31, 2021, the Initial Franchise Fees for one franchisee was discounted by 50% because the franchisee is a board-certified veterinary behaviorist. No other franchise fees were discounted or waived in 2021.

The Initial Franchise Fee is uniformly imposed and is not refundable, except that if you are unable to locate a site acceptable to us and sign a lease or purchase agreement within eighteen months after Phase Two begins (as detailed in Item 11), and provided you have not started our Phase Two initial training program, we may terminate the Franchise Agreement and refund 50% of the Initial Franchise Fee that you paid. You must sign any documents we require, including a confidentiality agreement and general release before any money will be refunded to you.

Financing: We may, if you qualify, offer financing for the Initial Franchise Fee. Our financing is described in Item 10.

Grand Opening Marketing Campaign: You must spend at least $18,000 on a grand opening marketing campaign if you are a start-up franchisee, and you must spend at least $10,000 on a grand opening marketing campaign if you are a conversion or add-on franchisee. The grand opening marketing campaign must include the elements that we require, such as digital marketing efforts. We have the right to collect $18,000 from you and we will conduct the grand opening marketing campaign on your behalf. If we collect this money from you, it is not refundable.

There are no other payments to or purchases from us or any affiliate that you must make before your Franchised Business begins operations.

ITEM 6
OTHER FEES

Name of Fee (1)	Amount	Due Date	Remarks
Royalty Fee (2)	8% of Gross Sales or the minimum Royalty Fee, whichever is greater Minimum Weekly Royalty Fee (starting Week 9 after opening): Year 1: $750 Year 2: $850 Year 3: $950 Year 4: $1,200 Year 5 to end of the term: $1,400	Weekly on Tuesday, or the next business day if any Tuesday is not a business day	The Royalty Fee, and other continuing fees payable to us, must be paid by electronic funds transfer and funds must be made available in your account for withdrawal.
Brand Development Fee	$2,500	Payable monthly on the first Tuesday of each month (or the next business day if that Tuesday is not a business day)	See Item 11 for a discussion of the Brand Development Fund. With 60 days' prior written notice to you, we may increase the brand development fee. The brand development fee will not be increased more frequently than annually and will not increase more than 10% in any year.
Technology Fee	$130	Payable monthly on the first Tuesday of each month (or the next business day if that Tuesday is not a business day)	The technology fee is for, among other things, technology and maintenance for integrated software, for benchmarking and reporting tools, and for the required reporting software. With 60 days' prior written notice to you, we may increase the

Name of Fee (1)	Amount	Due Date	Remarks
			technology fee, but the technology fee will not be increased more frequently than annually and will not increase more than 5% in any year.
Productivity Software Fee	$120 per employee, per year	Payable as arranged with the approved supplier	This fee is for web-based project management software.
Local Marketing	$300	Must be spent each month	Payable to local marketing suppliers. With 60 days' prior written notice to you, we may increase your local marketing requirement to $500 per month.
Cooperative Marketing (3)	As determined by members	As determined by members	Any amount you contribute to a marketing cooperative will count toward your local marketing requirement, but if the amount you contribute to a cooperative is less than your local marketing requirement, you must still spend the difference locally.
Training Fee for Additional Trainees	Our then-current per person training fee, plus expenses Current training fee = up to $2,000	15 days before training begins	We will train up to three people at the same training program, at no extra charge. If you want to send additional people to our initial training program, and we agree to this, you must pay our training fee in addition to your trainees' expenses, including travel, lodging, meals and wages.
Additional Training	Our then-current per diem rate per trainer, plus expenses Our current per diem rate = up to $500	15 days after billing	If you request additional training on-site, or if we determine that you would benefit from additional on-site training, you must pay our then-current per diem rate per trainer and reimburse our trainer's costs for providing the on-site training, including travel, lodging and meals.
Franchisee Meeting / Conference	Up to $500 per attendee, plus travel, lodging, meals and wages	Before conference	Attendance at a franchisee meeting/conference may be mandatory for you, your

Name of Fee (1)	Amount	Due Date	Remarks
	expenses		Director of Operations and/or your Director of Behavior and Training.
Certification	$1,000 to $3,000 per person, plus expenses	As incurred	Payable to certification agency. Expenses include any travel, lodging, meals and wages expenses your employees incur while obtaining required certifications. Certain of your trainers must be certified according to our requirements and those of the industry, to provide dog care, behavioral training and/or to manage your Franchised Business. Periodic recertification may be required.
Transfer Fee – Transfer Between Owners	$1,500	With request for approval of transfer	For any transfer of ownership interests or shares between the owners of the franchise, or if you are adding a new owner (as long as majority ownership does not change)
Transfer Fee	50% of then-current initial franchise fee for a start-up franchise, if transferee is in the System 75% of then-current initial franchise fee for a start-up franchise if transferee is not in the System	Submitted with request for transfer	No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise
Renewal Fee	$2,500	At time of renewal	
Relocation Fee	35% of then-current initial franchise fee for a start-up franchise	Payable with your written request for relocation	If you lose possession of the premises of your Franchised Business, or you wish to relocate, you will pay this fee for our time and expense of evaluating your new location. Your new location must be within your Designated

Name of Fee (1)	Amount	Due Date	Remarks
			Territory.
Interest	1.5% per month or the highest legal rate, whichever is less	If incurred	Payable on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Audit	Reimbursement of our costs (estimated to be between $1,000 and $5,000)	15 days after billing	If an audit reveals a deficiency, you must pay the amount owed plus interest. If the audit reveals an understatement of Gross Sales by 2% or more, you must pay the amount owed with interest, and you must reimburse us for the cost of the audit.
Insufficient Funds Fee	$100 per occurrence	On demand, if incurred	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three insufficient funds fees in any 12-month period, we have the right to terminate your Franchise Agreement.
Insurance Premiums Reimbursement	Reimbursement of our costs, plus 10% administrative fee	On demand, if incurred	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf. If we do this, you will pay this fee.
Management Fee	10% of Gross Sales, plus expenses	On demand, if incurred	We are permitted to step in and operate your Franchised Business in certain circumstances, such as death, disability or prolonged absence. If we do this, you must pay us a management fee and reimburse our representative's expenses.
Tax Payment Reimbursement	Reimbursement of our costs, plus 10% administrative fee	On demand, if incurred	If you do not timely pay taxes to the taxing authorities having jurisdiction over your Franchised Business, we have the right (but not the obligation) to pay these taxes for you. If we do this, you will pay this fee.

Name of Fee (1)	Amount	Due Date	Remarks
Quality Assurance Fee	Up to $300 per occurrence	As incurred	We may employ various methods to help ensure units are operating according to the brand standards, such as mystery shopping, on-site inspections, customer feedback forms and surveys, etc., to evaluate the quality of your services and confirm your compliance with System standards. Payable to approved supplier or to us as a reimbursement.
Gift Card Program	To be determined	To be determined	You must participate in any gift card and/or loyalty card program we establish. We anticipate that the cost of gift cards and loyalty cards will be payable to an approved supplier.
Software Maintenance Fees	$1,705	Monthly	Payable to approved suppliers for the software you must have
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Franchised Business' operations.
Liquidated Damages	See note 4		
Supplier or Product Testing	Reimbursement of our reasonable costs, up to $1,000	15 days after billing	If you request that we evaluate a potential product or supplier for our System
Association Dues	$100 to $350	Annually	You must become a member of the professional dog training associations we designate. Payable to the association
Remodeling	Will vary under the circumstances	When requested by us	Payable to contractors and suppliers. You must remodel your Franchised Business when we believe it is in the best interests of the System. We will not make this request more frequently than every

Name of Fee (1)	Amount	Due Date	Remarks
			five years. We may require remodeling at the time of transfer or renewal of the Franchise Agreement. The amount you spend on remodeling does not include interim technological upgrades and general maintenance

Notes:

1. All fees are imposed by and payable to us, unless otherwise noted, and are non-refundable. As noted in the table above, we have the right to increase the brand development fee, technology fee and the local marketing requirement with prior notice to you. Fees payable to approved suppliers are also subject to change during the term of your Franchise Agreement; these changes are not in our control.

2. "Gross Sales" means all revenue from the sale of services and products and all other income related to the Franchised Business. Gross Sales does not include discounts or refunds provided to customers or sales or use taxes. The Royalty Fee includes the costs of mandatory participation in our Call Center.

   You must provide us with reports of your Gross Sales on Monday of each week. Even though we have the right to access your computer system to download sales information, you must still provide us with the required Gross Sales report.

   All fees owed to us are payable by electronic funds transfer. You must sign any forms we, our bank and/or your bank require to effectuate electronic funds transfers. If you do not report Gross Sales, we may debit your account for the minimum Royalty Fee. If the amount we debit is less than the Royalty Fee you actually owe us, we will debit your account for the balance on a day we specify.

   If any state imposes a sales or other tax on the Royalty, then we have the right to collect this tax from you.

3. Cooperatives will include all Franchised Businesses in a designated geographic area, whether owned by us, our affiliates or our franchisees. Each Franchised Business has one vote in the cooperative, but no one Franchised Business or commonly controlled group of Franchised Businesses will have more than 25% of the total vote. No cooperatives have been established as of the date of this Disclosure Document.

4. If we terminate the Franchise Agreement with cause, you must pay us, within 15 days after the date of termination, liquidated damages equal to the average monthly Royalty Fees you paid us during the 12-month period immediately preceding termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Franchise Agreement had it not been terminated, whichever is less.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

START-UP FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (Note 1)	$40,000	Lump Sum	When Franchise Agreement is signed	Us
Travel and Living Expenses While Training (Note 2)	$0 to $19,950	As Arranged	As Arranged	Airlines, Hotels, Restaurants
Rent – Three Months (Note 3)	$9,000 to $45,000	As Arranged	As Arranged	Lessor or Landlord
Furniture, Fixtures and Equipment (Note 4)	$10,000 to $125,000	As Arranged	As Arranged	Suppliers
Office Equipment (Note 5)	$1,000 to $20,000	As Arranged	As Arranged	Suppliers
Architect/Design Fees	$2,000 to $25,000	As Arranged	As Arranged	Architect
Leasehold Improvements (Note 6)	$10,000 to $250,000	As Arranged	As Arranged	Licensed Contractors
Computer System (Note 7)	$10,000 to $50,840	As Arranged	As Arranged	Approved Supplier
Permits and Licenses (Note 8)	$250 to $500	As Arranged	As Arranged	Government Agencies
Lease Security Deposits (Note 9)	$9,000 to $45,000	As Arranged	As Arranged	Landlord
Utilities Deposits (Note 9)	$500 to $2,100	As Arranged	As Arranged	Utility Companies
Professional Fees (Note 10)	$2,000 to $3,000	As Arranged	As Arranged	Attorney, Accountant
Signage (Note 11)	$500 to $10,000	As Arranged	As Incurred	Suppliers
Service Vehicle and Signage (Note 12)	$500 to $2,000	As Arranged	As Arranged	Suppliers
Initial Inventory (Note 13)	$500 to $3,000	As Arranged	As Incurred	Approved Suppliers

START-UP FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Insurance – Annual Premium (Note 14)	$1,500 to $15,000	As Arranged	As Incurred	Insurance Companies
Grand Opening Marketing (Note 15)	$18,000 to $25,000	As Arranged	As Arranged	Us or Suppliers
Brand Development Fee – Three Months	$7,500	As Arranged	As Arranged	Us
Technology Fee – Three Months	$390	As Arranged	Monthly	Us
Additional Funds – 12 months (Note 16)	$20,000 to $200,000	As Required	As Incurred	Various
Total	**$142,640 to $889,280**			

CONVERSION OR ADD-ON FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (Note 1)	$20,000	Lump Sum	When Franchise Agreement is signed	Us
Travel and Living Expenses While Training (Note 2)	$8,400 to $19,950	As Arranged	As Arranged	Airlines, Hotels, Restaurants
Rent – Three Months (Note 3)	$0	As Arranged	As Arranged	Lessor or Landlord
Furniture, Fixtures and Equipment (Note 4)	$10,000 to $91,500	As Arranged	As Arranged	Suppliers
Office Equipment (Note 5)	$500 to $2,000	As Arranged	As Arranged	Suppliers
Architect/Design Fees	$2,000 to $4,000	As Arranged	As Arranged	Architect
Leasehold Improvements (Note 6)	$10,000 to $26,100	As Arranged	As Arranged	Licensed Contractors
Computer System (Note 7)	$5,000 to $50,840	As Arranged	As Arranged	Approved Supplier

CONVERSION OR ADD-ON FRANCHISED BUSINESS				
Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Permits and Licenses (Note 8)	$250 to $500	As Arranged	As Arranged	Government Agencies
Lease Security Deposits (Note 9)	$0	As Arranged	As Arranged	Landlord
Utilities Deposits (Note 9)	$0	As Arranged	As Arranged	Utility Companies
Professional Fees (Note 10)	$2,000 to $3,000	As Arranged	As Arranged	Attorney, Accountant
Signage (Note 11)	$500 to $5,000	As Arranged	As Incurred	Suppliers
Service Vehicle and Signage (Note 12)	$500 to $2,000	As Arranged	As Arranged	Suppliers
Initial Inventory (Note 13)	$500 to $1,500	As Arranged	As Incurred	Approved Suppliers
Insurance – Annual Premium (Note 14)	$1,500 to $2,500	As Arranged	As Incurred	Insurance Companies
Grand Opening Marketing (Note 15)	$10,000 to $19,950	As Arranged	As Arranged	Us or Suppliers
Brand Development Fee – Three Months	$7,500	As Arranged	As Arranged	Us
Technology Fee – Three Months	$390	As Arranged	Monthly	Us
Additional Funds – 12 months (Note 16)	$10,000 to $150,000	As Required	As Incurred	Various
Total	**$89,040 to $406,730**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. ***Initial Franchise Fee***. The initial franchise fee is discussed in detail in Item 5.

2. ***Travel and Living Expenses While Training***. We provide our initial training program to up to three people at no additional charge, but you must pay for your trainees' expenses, including travel, lodging, meals and wages (if applicable). The amount of the expenses will depend on the distance you must travel, the type of accommodations you choose, the number of attendees, and any wages you pay to employees of yours attending training.

3. ***Rent***. An Instinct Dog Behavior & Training Facility will need approximately 4,500 square feet of indoor space, plus approximately 200 to 500 square feet of outdoor space, while a Studio will require at least 750 to 1,500 square feet of indoor space. The low end of this estimate is what you may expect to pay for a Studio space, or a small space that you may (at your option) choose to rent during Phase One (as detailed in Item 11) to conduct group classes or puppy camps. The high end is indicative of what you may expect to pay for a Facility. The costs for your space will vary significantly from location to location and are dependent on such factors as the general cost, location and availability of commercial real estate in your Designated Territory, the type of space selected and the amount of space desired. If you purchase a conversion or add-on franchise, you will already be in possession of suitable space that we have approved.

   If you choose to purchase real property on which to build your Franchised Business, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

4. ***Furniture, Fixtures and Equipment***. The estimated initial investment includes kennels, fencing, interior fixtures, appliances, desks for trainers, bathing/grooming equipment, and play area equipment. Also included are the estimates for the required furnishings and décor items you must purchase according to the design plan that we will provide to you.

5. ***Office Equipment***. Our estimate includes back~~-~~-office furniture, including desk, chair, lighting, storage, and office supplies like ink and paper. If you purchase a conversion or add-on franchise, our low end of the estimate assumes you own the furniture for a back office and includes only an estimate for office supplies you may need.

6. ***Leasehold Improvements***. In most cases you will need to build-out the interior of your Franchised Business before opening. The costs will vary widely and may be significantly higher than projected in this table, depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, and the extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Instinct Dog Behavior & Training franchise.

7. ***Computer System***. Our estimate includes the required computer system and software that will be used by your staff and dog trainers, a back-office computer (which is in addition to the main computer systems used by trainers and staff) as well as the cost of a security system. If you are a conversion or add-on franchisee, you may already have some of the required hardware and software components of the computer system.

8. ***Permits and Licenses***. You will need to obtain city, state and local business licenses and permits. You may also need to have a building permit while you are building out your Franchised Business. Our estimate does not include the expense of rezoning any location. If you purchase a conversion or add-on franchise, you may have these licenses and permits.

9. ***Lease Security Deposits; Utilities Deposits***. Our estimate includes two months of rent as a security deposit. We also estimate that you may have to pay security deposits for your utilities, such as electric, cable, gas, etc. If you purchase a conversion or add-on franchise, we assume that you will not have to pay these deposits.

10. ***Professional Fees***. We strongly encourage you to consult with an attorney and/or an accountant to advise you on the purchase of this franchise.

11. ***Signage***. You must purchase our approved indoor and outdoor signage for your Instinct Dog Behavior & Training facility. We will provide you with the specifications that must be followed, subject to local codes and ordinances. You must conspicuously post signage in the lobby of your Franchised Business, indicating that your Instinct Dog Behavior & Training facility is independently owned and operated.

12. ***Service Vehicle and Signage***. We do not require you to have a vehicle for your Franchised Business, but you must have access to transportation for emergency use in cases where you must transport a dog to a veterinarian. We assume you will use a personal vehicle in your Franchised Business, and we require that you have signage for your Franchised Business on your vehicle. Our estimate includes the cost of vehicle signage, and your total cost will depend on the amount and type of signage you include on your vehicle.

13. ***Initial Inventory***. This estimate is for your opening inventory of janitorial supplies, office supplies, dog food, dog treats, and training aids.

14. ***Insurance***. This estimate represents the annual insurance premiums for your Franchised Business. The insurance you must have is detailed in Item 8. Your premiums may be payable monthly, quarterly, semi-annually or annually. If you purchase a conversion or add-on franchise, we assume that will have some of the required insurance coverages.

15. ***Grand Opening Marketing***. If you are a start-up franchisee, you must spend a minimum of $18,000 on your grand opening marketing campaign to be conducted during your initial 90 days of operation. If you are a conversion or add-on franchisee, you must spend at least $10,000 on a grand opening marketing campaign in your initial 90 days of operation as an Instinct Dog Behavior & Training business. We will work with you to develop your grand opening marketing campaign which must include the elements we require, such as digital marketing efforts. We have the right to collect this money from you and to conduct the grand opening marketing campaign on your behalf.

16. ***Additional Funds - 12 Months***. This is for budgeting purposes only to account for unanticipated expenses. This amount includes estimated operating expenses you should expect to incur during the first three months of operations, not including any revenue generated by your Franchised Business. It includes payroll costs (but not a draw or salary for you), utilities, advertising, rent, accounting and other professional fees, memberships, and other operational expenses. These figures are estimates only and there is no guarantee that additional working capital will not be needed during the start-up phase or after. You may incur additional expenses starting your business. Your costs depend on several factors, including how well you follow our 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 by your Franchised Business during the initial period.

We have relied on our Affiliate's experience in operating a Franchised Business since 2009 to compile these estimates. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Disclosure Document. You must bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. Many factors that are unique to your location can make a dramatic difference in the estimates provided. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must purchase all of the fixtures, furnishings, signs, equipment, computer hardware and software, inventory, uniforms, marketing materials, and other supplies, products and materials required for the establishment and operation of your Franchised Business that conform to the standards and specifications included in our Confidential Operations Manual (the "Manual") or as we provide to you in writing. You must purchase all fixtures, furnishings, signs, equipment, computer hardware and software, inventory, uniforms, marketing materials, and other supplies, products and materials required for the establishment and operation of your Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for these items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved for these items in writing by us and not then disapproved. We will furnish you with a list of approved suppliers for necessary items through our Manual, which we may provide to you electronically, including via an intranet. There may be conditions where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier.

We have developed standards and specifications for the services you will provide. You must operate your Franchised Business according to these standards. These standards will guide you in the performance of the products and services provided in operating your Franchised Business. We will notify you in our Manual or other communications of our standards and specifications for the services you will provide.

Leased Premises

You must operate your Franchised Business from leased space that we have accepted. Our acceptance of the office space you propose will not be unreasonably withheld. You will need approximately 4,500 square feet of indoor space plus an additional approximately 200 to 500 square feet of outdoor space. The indoor space will include a training room, boarding area, and play area. The outdoor space is primarily an elimination area. You will use our layout guidelines to have an architect develop construction plans for the build-out of your Franchised Business. We have the right to designate or approve the architect you use, and the construction plans must be approved by us before they can be used. You must make sure that the construction plans comply with all applicable laws, ordinances and building codes. We will have the right to inspect your leased premises during construction and after construction is completed. You may not open your Franchised Business until we have authorized you to do so.

Supplier Approvals

If you want to use any product or material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier. We will, within a reasonable time (60 days), notify you of our decision in writing. We will periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available to you these criteria for supplier approval. You must reimburse our costs for inspection and/or testing (not to exceed $1,000), which may be paid by you or the proposed supplier.

Suppliers are approved when they have satisfactorily met the criteria furnished by us during the evaluation process and have otherwise convinced our management of their desire and ability to fulfill the need or service requested and have met any and all contractual requirements and successfully completed the requirements of a product sample and/or product test period. The criteria for supplier approval by us are based upon a level of quality and value that will maintain and enhance the System in the view of our management.

Suppliers are disapproved when, in our opinion, they can no longer provide the quality of product or service which meets our standards. Deficiencies which could lead to supplier disapproval include poor service, financial instability, management instability, unreasonable increases in product or service costs, inability to meet technological advances, inability to meet reporting requirements, or other failures on the part of a supplier to meet our business objectives. If we notify you that a supplier is no longer approved, you must immediately stop purchasing from that supplier. We will provide you notification in writing, which may include email, newsletters and/or updates to the Manual, of any new products or suppliers we have approved and if a product or supplier is no longer approved.

Neither we nor our Affiliate is currently an approved supplier or the only approved supplier of any items that we require you to purchase or lease. None of our officers has an ownership interest in any approved supplier.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, “Allowances”) offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). If we contribute any Allowances from approved suppliers to the Brand Development Fund, it does not reduce or eliminate your obligation to pay the brand development fee. During the last fiscal year ended October 31, 2021~~2020~~, we did not receive any Allowances.

Call Center and IT Services

You must use the call center services and IT services provided by our Canadian Affiliate. There is currently no separate fee charged for these services.

Inventory, Furniture, Fixtures, Equipment, Supplies, and Vehicle

You must purchase fixtures, equipment (including computer hardware and software), signage, uniforms, business stationery, marketing materials, furnishings, products and related supplies that meet our minimum standards and specifications or are from suppliers that we approve. You must use the computer system and software we designate.

We will create a design plan that we will provide to you for all client-facing areas (reception/lobby, consultation rooms, bathrooms, etc.) within your facility. The design plan will include the required furnishings and décor items you must purchase. The design plan will be based on the size of your facility and will fall within the estimated opening costs for Furniture, Fixtures and Equipment noted in Item 7. If you wish to purchase additional furnishings and décor items, they must conform to the specifications included in our Manual, and they must be approved by us before you may purchase them.

You may not deviate from our design plan and our standards and specifications. Any changes you wish to make to interior and exterior design, facility layout, floor plans, signs, color, décor and equipment, including artwork, furniture and fixtures, must be submitted to us in writing, and will be subject to our process for Supplier Approvals as detailed above. You must receive our written approval of the requested changes before you may purchase or use them in your Franchised Business.

We recommend, but do not require, that you have a vehicle for your Franchised Business. At a minimum, you must have access to reliable transportation if you must transport a dog, such as to a veterinarian in the case of an emergency or to travel to a client's location to provide dog training services. We anticipate that you will use your personal vehicle to provide services to your clients. Therefore, we do not specify the make or model of any vehicle used to provide services. We expect that each vehicle will meet minimum standards for appearance and reliability. We expect all vehicles to be kept clean and in good working order, including regular maintenance, and each vehicle must display signage as we require. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you or your trainers use.

We may occasionally conduct market research and testing to determine consumer trends and salability of new products, materials and services. You must cooperate by participating in our market research programs, test marketing new services and providing reports and other relevant information regarding marketing research.

Insurance

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverages that we periodically require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

Each insurance policy must name us (and, if we request, our affiliates and our and their directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. You must purchase your insurance coverages from the insurance carrier(s) that have an A.M. Best rating of "A" or better.

Prior to the opening of the Franchised Business you must obtain the following insurance coverages: (1) commercial general liability insurance (including puppy raising services provided in a client's home) with limits of not less than $2,000,000 per occurrence, $4,000,000 aggregate, and including damages to rented premises per occurrence of $300,000, medical expenses per person of $10,000, personal and advertising injury coverage of $2,000,000, products/completed operations aggregate coverage of $4,000,000, and bail coverage of $1,000; (2) automobile liability insurance, including non-owned vehicle coverage, of $1,000,000 combined single limit per accident; (3) umbrella liability coverage with limits of not less than $3,000,000 per occurrence and $3,000,000 aggregate, with a

$10,000 retention; (4) employment practices liability insurance with limits of not less than $1,000,000 with a $2,500 retention; (5) professional liability insurance with limits of not less than $1,000,000 with a $2,500 retention; (6) worker's compensation and disability insurance required the laws of the state where your Franchised Business is located; (7) any insurance required by the terms of your lease; and (8) any insurance we may require in the future.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance on your behalf and you must reimburse our costs related to this purchase plus a 10% administrative fee.

Marketing

All marketing that is either developed by you or developed for you by a third party for use in local advertising must be approved by us before you can use it. For any materials that we have not approved or that have not been approved within the immediately preceding 12-month period, you must submit these materials to us for our review. We will have 15 days after receipt of the proposed advertising and promotional materials to notify you whether they have been accepted. Unless we provide our specific approval of the proposed materials, they are deemed not approved.

Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents approximately 48% to 50% of your total purchases in connection with the establishment of your Franchised Business. We estimate that the cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 10% and 15% of your total purchases in operating your Franchised Business.

Purchasing Cooperatives and Purchasing Arrangements

We may negotiate purchase arrangements with suppliers (including price terms) for your benefit. We may also establish purchasing or distribution cooperatives for our franchisees. There are currently no purchasing or distribution cooperatives. We do not provide or withhold material benefits to you (such as renewal rights, the right to acquire an additional area, or the right to open additional businesses) based on whether or not you purchase through the sources we designate or approve.

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	Article in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article 2	Item 11
b. Pre-opening purchases/ leases	Article 2	Items 7 and 8

Obligation	Article in Franchise Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	Article 2	Items 7 and 11
d. Initial and ongoing training	Article 4	Items 6, 7 and 11
e. Opening	Article 2	Item 11
f. Fees	Articles 2, 3, 4, 8, 9, 12 and 13	Items 5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	Articles 4 and 8	Items 8 and 14
h. Trademarks and proprietary information	Article 5	Items 13 and 14
i. Restrictions on products/ services offered	Article 8	Item 16
j. Warranty and customer service requirements	Article 8	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Article 8	Item 8
m. Maintenance, appearance and remodeling requirements	Article 8	Item 6
n. Insurance	Article 8	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7 and 11
p. Indemnification	Article 16	Item 6
q. Owner's participation/ management/staffing	Article 8	Items 11 and 15
r. Records and reports	Articles 3 and 10	Item 6
s. Inspections and audits	Articles 2, 10 and 11	Item 6, 8 and 11
t. Transfer	Article 12	Items 6 and 17
u. Renewal	Article 13	Items 6 and 17
v. Post-termination obligations	Article 15	Item 17
w. Non-competition covenants	Articles 7 and 15	Item 17
x. Dispute resolution	Article 17	Item 17
y. Liquidated damages	Article 15	Item 6

ITEM 10
FINANCING

~~We do not offer~~ If you meet our qualifications, we may offer you financing of the Initial Franchise Fee. You must sign a Promissory Note, a Security Agreement, and a Personal Guaranty (of applicable) in the forms included in this Franchise Disclosure Document as Exhibits H, I and J, respectively.

Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Franchise Fee	Instinct Dog Training Inc.	None	Up to the amount of the Initial Franchise Fee	3 years	Prime +2%	Varies - see Note 1	None	See Note 2	See Note 3	See Note 4

[1] The Monthly Payment will vary depending on the amount financed.

[2] You are required to sign a Security Agreement that will grant us a security interest in the assets of your Franchised Business, including but not limited to, your computer system hardware, furniture, fixtures, equipment, and inventory. Additionally, your spouse is required to sign the Personal Guaranty.

[3] If you default on your obligations under the Promissory Note, we have the right to require immediate payment of the full balance of the amount owing under the Promissory Note, collect the full balance owing from you or any guarantor, file suit and obtain judgment, take possession of any collateral, or sell, lease or otherwise dispose of any collateral at public or private sale, with or without advertisement. You must also pay our costs to collect the debt, including courts costs and reasonable attorney's fees. Additionally, a default of the Promissory Note is a default of the Franchise Agreement, and we may terminate your Franchise Agreement.

[4] You waive your rights to notice of a collection action and to assert any defenses to collection against us. Additionally, a default of the Promissory Note is a default of the Franchise Agreement, and we may terminate your Franchise Agreement.

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

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

Except as listed below, Instinct Dog Training Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Franchised Business, we will:

1. Review and accept the site you propose for your Franchised Business, provided it meets our criteria (Franchise Agreement – Section 2.1). See "Site Selection and Opening" below.

2. Identify your Designated Territory which is described in Attachment 2 to the Franchise Agreement, once the location for your Franchised Business has been accepted by us (Franchise Agreement – Section 2.1).

3. Provide initial training to up to three people, including you, your Director of Operations and Director of Behavior and Training. See below for additional information on training (Franchise Agreement – Section 4.1).

4. Loan you one copy of our Operations Manual to use during the term of the Franchise Agreement. The Operations Manual contains our standard operational procedures, policies, rules and regulations with which you must comply (Franchise Agreement – Section 4.3).

5. Provide you with our specifications for your Franchised Business, including interior and exterior design, layout, floor plan, signs, color, décor and equipment (Franchise Agreement – Section 2.3).

6. Provide you with up to seven days of on-site opening assistance around the opening of your Franchised Business, at no additional charge (Franchise Agreement – Section 4.1). If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day of assistance provided, and you must reimburse any additional expenses our representative incurs related to travel, lodging and meals. If you are opening your second (or later) Franchised Business, we have the right to reduce the amount of on-site opening assistance provided, or to not provide opening assistance. We may choose to split the seven days of assistance into multiple visits.

Continuing Obligations

During the operation of the Franchised Business, we will:

1. Make available to you additional training programs (Franchise Agreement – Section 4.1).

2. Provide guidance and assistance in the operation of your Franchised Business. This guidance may be provided in the form of periodic correspondence, field visits and periodic telephone or written communications, and will cover topics such as products or services to be offered to customers; improvements and developments in your Franchised Business; pricing; administrative, bookkeeping, accounting and inventory control procedures; and operating problems encountered by you (Franchise Agreement – Section 4.2).

3. Hold a franchisee meeting or conference at a location of our choosing. The meeting or conference may be used to discuss sales techniques, bookkeeping, new product developments, new techniques, new service suggestions, accounting, inventory control, performance standards, advertising and promotional programs, and merchandising procedures, and may be used to provide new or refresher training. You must pay the fee for each attendee, and you must pay the expenses for your attendees, including travel, lodging, meals and wages. We may designate that attendance at this conference is mandatory for you, your Director of Operations and/or your Director of Behavior and Training (Franchise Agreement – Section 4.5).

4. Maintain a Brand Development Fund (Franchise Agreement – Section 9.3).

5. Provide additional on-site training and/or assistance, at your expense (including payment of our per diem fee), if you request it or if we determine it is necessary (Franchise Agreement – Section 4.1).

6. Advise you on the maximum prices you may charge (Franchise Agreement – Section 8.7). We make no guarantee that by following our pricing requirements you will earn any level of sales or profitability.

7. Provide our initial training program to new or replacement employees, at your expense (Franchise Agreement – Section 4.1).

8. Provide our Call Center, which offers franchisees assistance with customer prospects and live response by certified trainers, among other assistance (Franchise Agreement – Section 6.4). You must use our Call Center, but you do not pay a separate fee for using it.

Marketing and Advertising

Brand Development Fund

You must participate in a brand development fund (the "Fund") that we will control, and you must contribute $2,500 each month to the Fund. Instinct Dog Behavior & Training businesses owned by us or our affiliates will contribute to the Fund on the same basis as our franchisees. The Fund will be used for national and regional advertising, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. We will provide you with notice that the Fund has been established and when you must pay the brand development fee. We have the right, with 60 days' prior written notice to you, to increase your brand development fee. We will not increase your brand development fee more frequently than annually, and the brand development fee will not increase by more than 10% in any year. As described in Item 8 above, we may contribute Allowances to the Fund, but that does not diminish or eliminate your obligation to pay the brand development fee. The Fund was not yet established in our fiscal year ended October 31, 2021~~2020~~, so no money was spent by the Fund.

We will direct all programs that the Fund finances, with sole control over the creative concepts, materials and endorsements used and their media placement and allocation. The Fund may place advertising in any media, including print, radio, television and digital media. The Fund may pay for preparing and producing advertisements, video, audio and written materials and electronic media; administering internet advertising programs and other digital marketing activities (including using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); supporting public relations, market research and other advertising, promotion and marketing activities; and providing promotional brochures, coupons and other marketing materials to all franchisees of the System. We have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities.

We will account for the Fund separately from our other funds and will not use the Fund for any of our general operating expenses, except to pay for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Fund and its programs, including conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for brand development fees. The Fund will not be our asset. The Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Fund or any other reason. We will not use money in the Fund for advertising that is principally a solicitation for the sale of franchises.

The Fund may spend in any fiscal year more or less than the total brand development fees paid into the Fund in that year, borrow from us or others to cover deficits, or invest any surplus for future use. We will use all interest earned on brand development fees, if any, to pay costs before using the Fund's other assets. Any amounts in the Fund at the end of any year will carry over to the next year. We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon your written request. We may incorporate the Fund or operate it through a separate entity whenever we deem appropriate.

We intend the Fund to maximize recognition of the Proprietary Marks and patronage of Instinct Dog Behavior & Training businesses. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Instinct Dog Behavior & Training businesses, we do not need to ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Fund contributions by businesses operating in that geographic area or that any business benefits directly or in proportion to its brand development fee payments from the development or placement of advertising and marketing materials. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect brand development fees at the Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Fund. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering the Fund.

Upon 30 days' prior written notice to you, we may at any time defer, reduce, increase or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to all businesses (whether franchised or operated by us or our affiliates) in proportion to their respective contributions during the preceding 12-month period. If we terminate the Fund, we may reinstate it at any time, and any reinstated Fund will be administered as described above.

Grand Opening Marketing

You must spend between $18,000 and $25,000 on your grand opening marketing campaign, which must be conducted in your initial 90 days of operation. Your campaign must be pre-approved by us and must include the elements that we require, such as digital marketing efforts. We have the right to collect $18,000 from you and to conduct the grand opening marketing campaign on your behalf.

Local Marketing

After the grand opening marketing campaign is completed, you must conduct local marketing and promotion to promote your Franchised Business in your Designated Territory, and you must spend at least $300 each month for local marketing. With 60 days' prior written notice to you, we may increase your local marketing requirement to $500 per month. Any marketing produced by you or on your behalf may not be used until it has received our prior approval, as described below. Any marketing materials submitted to us for our review will become our property and there will be no restriction on our use or distribution of these materials.

You may only use marketing materials that have been approved by us. We have the right to review and approve or disapprove all marketing and promotional materials that you propose to use. All marketing and promotion by you in any manner or medium shall be conducted in a dignified manner and shall conform to the standards and requirements we specify. For any materials that we have not approved or that have not been approved within the immediately preceding 12-month period, you must submit these materials to us for our review. We will have 15 days after receipt of the proposed advertising and promotional materials to notify you whether they have been accepted. Unless we provide our specific approval of the proposed materials, they are deemed not approved. You must display the Proprietary Marks in the manner prescribed by us on all signs and all other advertising and promotional materials you use in connection with the Franchised Business. We have the right to require you to include certain language on all advertising to be used locally by you, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", and reference to our telephone number and/or website address.

Marketing Cooperatives

We may designate any geographic area in which two or more Franchised Businesses are located as a region for purposes of establishing a marketing cooperative ("Cooperative"), or we may approve of the formation of a Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Franchised Businesses, whether operated by us, our affiliates or our franchisees. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering marketing programs and developing promotional materials for use by the members in local marketing, subject to our approval as described above. If a Cooperative has been established for the geographic area where your Franchised Business is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Franchised Business will be located will be provided to you if you request it. You will not have to participate in more than one Cooperative.

The payments you make to a Cooperative may be applied by you toward satisfaction of your local marketing requirement. If the amount you contribute to a Cooperative is less than your local marketing requirement, you must still spend the difference locally. By vote of the members, the members will determine the amount that each member must contribute to the Cooperative. All Franchised Businesses in the Cooperative, including those owned by us and/or our affiliates, will have the same voting rights as franchisees, but no one Franchised Business (or commonly controlled group of Franchised Businesses) will have more than 25% of the total vote.

All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No marketing or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval, as described above under "Local Marketing". Currently there are no Cooperatives in the System. The Cooperative is not required to prepare an annual financial statement.

Website / Social Media

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System. We have established one or more websites accessible through one or more uniform resource locators ("URLs"), and we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business. If we provide a "click through" subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your "click through" subpage. We have the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electronic commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Instinct Dog Behavior & Training businesses – also be devoted in part to offering Instinct Dog Behavior & Training franchises for sale and be used by us to develop the electronic commerce rights which we alone have.

In addition to these activities, we have also established an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Instinct Dog Behavior & Training" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, FourSquare, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business' operation, including prohibitions on you and your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, FourSquare, Instagram and SnapChat, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We have the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

Advisory Councils

There are presently no advisory councils composed of franchisees and/or our representatives, but there may be these councils in the future. If we decide to form an advisory council, it will include our representatives and franchisee representatives. We will select the franchisee members of the council based, in part, on their length of time in the System and the performance of their Franchised Businesses. If formed, we have the right to merge, change or dissolve the council in our sole discretion. The council will be advisory only and will not have decision making authority. If you participate on an advisory council, you must pay all expenses you incur related to your participation, such as travel and living expenses related to council meetings. We shall have the right to remove council members in our discretion. We do not anticipate establishing an advisory council until there are at least 15 franchisees in our System.

Computer System

You must purchase and use a computer system which meets our specifications, and our specifications are contained in the Operations Manual. The approved supplier for the computer system, if we designate one, will also be included in the Operations Manual. The computer system includes a point-of-sale system and back~~-~~-office computer. We estimate the total cost of the computer system, including required back~~-~~-office computer, computers and tablets used by your staff and trainers, software, and printers will be between $10,000 and $50,840. You must use Apple® computer products, and we anticipate that you will need a laptop or desktop with printer for your back-office computer; an iMac for your receptionist, two iMacs for your trainers, one iMac for your canine care station; and between six and ten iPad Pro tablets. The computer system will provide you with the following functions: scheduling, boarding/training reservations, staff scheduling, customer relationship management, payroll processing, security system, accounting, learning management system, centralized phone system, and reporting.

We have the right to independently access your information and data through your computer system, and to collect and use your information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive information through your computer system, including your client database. You must have support contracts for all of the required software (estimated to cost approximately $1,705 per month currently). We recommend, but do not require, that you have a separate maintenance contract for the other hardware and software components of your computer system. The estimated cost of the separate maintenance, updating, upgrading or support contracts for your computer system can range from $100 to $1,500 per year.

During the term of the Franchise Agreement, we may require you to upgrade or purchase additional computer hardware and software. There are no specific contractual obligations limiting the frequency or cost for you to acquire upgrades and updates or to replace obsolete or worn-out hardware or equipment. Neither we nor our affiliates will provide you with any maintenance, updates or upgrades for your computer system.

You must obtain and maintain high speed internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access to your computer system at all times and in the manner that we specify.

We will issue to you a unique Instinct Dog Behavior & Training email address for the Franchised Business. You must continuously monitor the email account during and after business hours. We have the right to monitor all email transmissions. Your Instinct Dog Behavior & Training email account is not for personal use. You are restricted from using any other email address to conduct Instinct Dog Behavior & Training related business.

<u>Site Selection and Opening</u>

We have a two-phase approach to opening the Franchised Business:

<u>Phase One</u>: Under Phase One, you will operate the franchise by conducting only private lessons virtually and at clients' homes, day training at clients' homes, and group classes and puppy camps (optional services that can be conducted in a park or rented space). Phase One is an 18-month period that allows you to work out of your home and provide certain services to clients while you decide which model you will open and operate - a Facility or a Studio. By the end of this 18-month period, you must provide us with written notice to state which model you have chosen. Our receipt of this notice will effectively end Phase One.

<u>Phase Two</u>: During Phase Two, you will continue to operate and provide the same services to clients as during Phase One while you search for a site for your Facility or Studio. You will have a maximum of 18 months to sign a lease or purchase agreement for your Facility or Studio. Within twelve months after the start of Phase Two, you must provide us with all of the information we require to evaluate the site you propose. We will have 30 days from our receipt of all information to notify you

whether we accept or do not accept your proposed site. We will not unreasonably withhold our acceptance, provided the site meets our minimum requirements. Our criteria for reviewing a proposed site includes its location, visibility, ease of access, proximity to a major road, parking, lighting, the physical characteristics of the building, and, if you are opening a Facility, the amount of outdoor space you will have. We will not, under any circumstances, accept a home as the site for a Facility or Studio in Phase Two. We generally do not own the premises and lease it to you. Our acceptance of a location for your Franchised Business is not a warranty or guarantee that you will be successful at that site. Our acceptance only indicates that the site meets our minimum requirements for a Franchised Business. If you are unable to locate a site acceptable to us and sign a lease or purchase agreement within eighteen months after Phase Two has begun, and provided you have not started our Phase Two initial training program, we may terminate the Franchise Agreement and refund a portion of the Initial Franchise Fee you paid.

All leasehold improvements must comply with our plans and specifications. You must comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must submit construction plans or build-out plans and specifications to us for our approval before construction of the Franchised Business begins, and you must submit all revised plans and specifications to us for our approval during construction. We do not provide assistance with conforming the site to local ordinances and building codes, obtaining the permits and licenses for the construction or remodeling of the site, or for the hiring and training of your employees.

After you have signed the lease or purchase agreement for the site of your Facility or Studio, you must be open for business to the public within one year. We estimate that the typical length of time between signing the Franchise Agreement and opening your Facility or Studio is approximately 36 to 48 months. Some factors which may affect this timing are the amount of time you use in Phase One to choose the model for your Franchised Business, your ability to locate an acceptable site, the time to acquire the site through lease negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other state and local requirements, the timing of the delivery and installation of equipment and signs, and the time to convert, renovate or build the premises. We do not provide assistance with equipment, signs, fixtures, opening inventory or supplies except by providing a list of approved suppliers and through our written specifications. We do not deliver or install these items.

You may not open your Franchised Business for business until: (1) we notify you in writing that all of your development obligations have been fulfilled; (2) pre-opening training of personnel has been completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all required insurance policies and certificates, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have ordered, received and installed your fixtures, equipment, furniture, supplies, inventory and computer system; and (7) we have approved your Franchised Business to open. You must be prepared to begin operating your Franchised Business immediately after we state that it is ready for opening.

Your Facility or Studio must be open within 48 months after the Franchise Agreement is signed. If you are not able to open your Facility or Studio within this timeframe, then we may terminate your Franchise Agreement, or we may choose to, but are not obligated to, provide you with an extension of this timeframe. If you are a conversion or add-on franchisee, or if you are a start-up franchisee who has already located a suitable space for a Facility or Studio, we may permit you to skip Phase One and to begin Phase Two immediately following the execution of the Franchise Agreement. If you skip Phase One, your Facility or Studio must be open for business to the public within 30 months after signing the Franchise Agreement.

Training

You must attend and complete to our satisfaction our mandatory training program. No later than 30 days before your Franchised Business is scheduled to open in Phase One, you must complete the Phase One portion of the initial training program. Trainees required to attend training during Phase One, which may be conducted remotely, include you and your Director of Behavior and Training. Offsite training for you and the Director of Behavior and Training lasts for approximately two weeks. We have the right to require certain trainees to complete remote training before attending the Phase Two training program, which will be held at our corporate offices located in New York, New York, or at another location we designate. In Phase Two, once you have hired the Director of Operations for your Facility or Studio, the offsite training will last for one week, and the Director of Operations will be required to attend and complete training at this time. The Phase Two portion of the initial training program must be completed no later than 30 days before your Facility or Studio is scheduled to open to the public. If you are a corporate entity, a principal officer of the entity must satisfactorily complete the training program. Training and training materials for up to three people is included in the Initial Franchise Fee, and all three trainees must attend and complete the initial training program. If you wish to send additional trainees to our training program, you must pay our then-current training fee for each additional trainee. You must also pay for the expenses for your trainees, including transportation, lodging, food and wages.

If you, your Director of Operations and/or your Director of Behavior and Training fail our initial training program, then you, the replacement Director of Operations or replacement Director of Behavior and Training must satisfactorily complete the training before you will be permitted to receive pre-opening assistance and training or open your Franchised Business to the public in Phase Two. You must pay our then-current training fee as well as the additional expenses, including transportation, lodging, food and wages, for attending our training program a second time. If you do not satisfactorily complete our training program a second time, we may terminate your Franchise Agreement without providing you with a refund.

Our training program does not include the required certifications that your Director of Operations and Director of Behavior and Training must have. Your Director of Operations must be certified through the Certified Professional Animal Care Provider at either the Manager or Operator level within one year of hire date. Your Director of Behavior and Training must be certified through the International Association of Animal Behavior Consultants as a Certified Dog Behavior Consultant or certified through the Certification Council for Professional Dog Trainers as a Certified Behavior Consultant Canine within one year of hire date. These certifications are at your expense.

The material we use for training includes our Operations Manual, handouts and presentations, as well as any other material that we believe will be beneficial to incorporate in our training program.

There currently are no fixed (*i.e.,* monthly or bi-monthly) training schedules. Our training program will be held on an as-needed basis, depending on the number of people needing training, the number of new franchised businesses opening, the scheduled openings of the new franchised businesses, and similar factors. We project the following training schedule:

TRAINING PROGRAM - PHASE ONE

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
History of Instinct Dog Behavior & Training	1		Corporate Office/Training Center or Remote
Use of the Manual	.5		Corporate Office/Training Center or Remote
Tour of Instinct Dog Behavior & Training facility	.5		Corporate Office/Training Center or Remote
Human Resources	3	1	Corporate Office/Training Center or Remote
Marketing and Promotion	2		Corporate Office/Training Center or Remote
Management Procedures	4	6	Corporate Office/Training Center or Remote
Franchise Reporting Requirements	1		Corporate Office/Training Center or Remote
Accounting/Record keeping	1		Corporate Office/Training Center or Remote
Customer Service Procedures	4	8	Corporate Office/Training Center or Remote
Training & Behavior Modification Approaches & Techniques	2	8	
Boarding, Feeding, Puppy Raising, Private Instruction	4	8	
Animal Care	3	6	Corporate Office/Training Center or Remote
Sales Procedures	3	8	Corporate Office/Training Center or Remote
Inventory Management	1		Corporate Office/Training Center or Remote
POS System	2	2	Corporate Office/Training Center or Remote
Cleaning Procedures	2	3	Corporate Office/Training Center or Remote

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Safety Procedures	3	3	Corporate Office/Training Center or Remote
Totals	**37**	**53**	

TRAINING PROGRAM - PHASE TWO

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Pre-Opening Procedures	2		Corporate Office/Training Center
Running Camps	2	2	Corporate Office/Training Center
Totals	**4**	**2**	

It is the nature of the business that all aspects of the training are integrated so there are no definitive starting and stopping times. Our training program is overseen by Brian Burton and Sarah Fraser whose professional backgrounds are found in Item 2 of this Disclosure Document. In addition to Brian's and Sarah's experience with us and our Affiliate, both hold master's degrees in Animal Behavior and Conservation and both are Certified Dog Behavior Consultants with The International Association of Animal Behavior Consultants. We may also rely on the expertise of certain of our employees or of our Affiliate's employees to assist in providing training in certain areas. Each of our instructors has at least seven to twelve years of experience in the field that is relevant to the subject taught and with us or our Affiliate. We have the right to vary our training program based on the prior experience and/or needs of the individual trainee(s).

In addition to our training program, we will provide you with up to seven days of on-site opening assistance, at no additional charge, when your Franchised Business is opening to the public in Phase Two. If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day of assistance provided, and you must reimburse any additional expenses our representative incurs related to travel, lodging and meals. If you are opening your second (or later) Franchised Business, we have the right to reduce the amount of on-site opening assistance provided, or to not provide opening assistance. We may split the number of days of opening assistance into multiple visits, in our discretion.

We may hold a meeting or conference of our franchisees, which will not be held more frequently than annually. We may conduct franchisee meetings to discuss sales techniques, bookkeeping, new product developments, new techniques, new service suggestions, accounting, inventory control, performance standards, advertising and promotional programs, and merchandising procedures, and may be used to provide new or refresher training. We may designate that attendance by you, your Director of

Operations and/or your Director of Behavior and Training at the franchisee meeting is mandatory. The franchisee meeting will be held at a location we determine, but we will not designate an unreasonably expensive location. You must pay our then-current per person fee for the franchisee meeting/conference, plus the expenses incurred by your attendees, including travel, lodging, meals, and applicable wages. We do not anticipate that a franchisee meeting will last longer than three days in any calendar year.

We may also periodically offer additional or refresher training programs to your managers and employees at times to be determined, and we may designate that attendance at refresher training is mandatory for you, your Director of Operations and/or your Director of Behavior and Training. There is no schedule for additional or refresher training. We may provide programs when we think it is appropriate. We do not charge a separate fee for any refresher training programs, but you must pay all expenses you and the trainees from your Franchised Business incur while attending refresher training, including travel, lodging, meals and applicable wages. We do not anticipate that attendance at any franchisee convention or refresher training program will last more than five days in any year.

If you request that we provide additional training at your Franchised Business location, or if we determine that additional on-site training is necessary, you must pay our then-current per diem fee for each trainer we send, and you must reimburse our trainer's costs while providing training, including travel, lodging and meals.

Your dog trainers must be certified through the Certification Council for Professional Dog Trainers as a CPDT-KA or higher, and/or obtain Dog Training Certificate from Karen Pryor Academy (Dog Trainer Professional or equivalent course), and/or be a Certified Dog Behavior Consultant through The International Association of Animal Behavior Consultants. If a trainer has the requisite experience, a trainer may be hired without a certification as long as their certification or certificate program is in progress and will be complete within one year of the hire date. In addition, your canine care team must be certified through the Certified Professional Animal Care Provider the basic level. If a candidate has the requisite experience, the candidate may be hired as long as the candidate has the certification within one year of the hire date.

Confidential Operations Manual

The Table of Contents of the Operations Manual is attached to this Disclosure Document as Exhibit E. Our Operations Manual includes approximately 253 pages.

ITEM 12
TERRITORY

You will receive the right to establish your Franchised Business at an "Accepted Location" within a "Designated Territory". The Accepted Location must be accepted by us. Your Designated Territory will be delineated by contiguous ZIP codes or geographical boundaries (such as streets, towns or counties) and may be depicted on a map that is attached to your Franchise Agreement. Your Designated Territory will be based on various demographic data which may include total residential population, median home value and median household income and may be further defined by other factors deemed pertinent by us. A Designated Territory will generally include a population of approximately 500,000 people. We will not establish, nor allow another franchise owner to establish, another Franchised Business located within your Designated Territory.

You may provide off-site training services at a client's home or another pre-approved location, as long as these locations are within your Designated Territory. The exception to this is that if a customer uses your Franchised Business for services but lives within the designated territory of another franchisee and the customer requests in-home training services from you, you are expected to advise the customer that there is another Instinct Dog Behavior & Training that can provide the in-home training services. If the customer specifically requests that you provide the in-home services, you are allowed to provide these services even though the services are being provided in another franchisee's designated territory.

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.

During the term of the Franchise Agreement, we (and any affiliates that we periodically might have) have the right:

(1) to establish and operate, and grant rights to other franchise owners to establish and operate, dog day care and kenneling or similar businesses at any locations outside your Designated Territory and on any terms and conditions we deem appropriate;

(2) to sell and distribute, directly or indirectly, products bearing the Proprietary Marks (or any other trademarks) through any means we choose, including grocery stores, club stores, pet stores, veterinarians, catalogs, mail-order and the internet, anywhere inside or outside your Designated Territory, except we will not establish a retail facility under the Proprietary Marks inside your Designated Territory;

(3) to be acquired (regardless of the form of transaction) by a business identical or similar to an Instinct Dog Behavior & Training business, even if the other business operates, franchises and/or licenses competitive businesses within your Designated Territory; and

(4) to engage in any other business activities not expressly prohibited by the Franchise Agreement, both within and outside your Designated Territory.

As part of the process of renewing your Franchise Agreement, we have the right to re-evaluate your then-existing Designated Territory according to certain demographics, including population. Since your Designated Territory includes a certain minimum population, your Designated Territory under the renewal Franchise Agreement will be modified to accommodate shifts and changes in population. Our intent is to make the target demographics of your renewal Designated Territory similar to the target demographics of your original Designated Territory. A re-evaluation of your Designated Territory may result in your renewal Designated Territory being smaller or larger than your original Designated Territory. We cannot guarantee that you will achieve any particular level of success with the renewal Designated Territory or that your results will be the same as or similar to your results from operating in the original Designated Territory.

You may not relocate your Franchised Business without our consent, which will not be unreasonably withheld. You must pay our then-current relocation fee. Your new location must be within your Designated Territory. If you do relocate your Franchised Business, your territorial boundaries will not change.

You may provide services to customers and prospective customers who live in your Designated Territory. You may not engage in any promotional activities or sell any products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery System; through catalogs or other mail order devices sent or directed to customers or prospective customers located outside of your Designated Territory; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located outside of your Designated Territory. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any product at wholesale.

We and our affiliates may sell products or services under the Proprietary Marks within and outside your Designated Territory through any method of distribution other than a dedicated Instinct Dog Behavior & Training business, including sales through channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels").

If we engage in electronic commerce through any internet, world wide web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any products offered by a franchised business calling for delivery or performance in your Designated Territory, we, one of our affiliates or a third party we designate may fulfill the order, and you will not be entitled to any compensation in connection with this. If we receive a request for services offered by a franchised business calling for delivery or performance in your Designated Territory, we will forward the request to you for fulfillment.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Except for the businesses operated by our principals, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses which sell our products or services under a different trade name or trademark, but we have the right to do so in the future, without first obtaining your consent.

Continuation of your franchise rights does not depend on your achieving a certain level of sales, market penetration, or any other contingency.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

Our Affiliate and IP Affiliate have registered ~~or applied for registration of~~ the following principal Marks with the U.S. Patent and Trademark Office ~~on the Principal Register~~ ("USPTO"):

Mark	~~Filing Date~~	~~Serial Number~~	Registration Date	Registration Number	Register
~~Instinct Dog Behavior & Training~~	~~February 16, 2010~~	~~77/936,937~~	~~May 31, 2011~~	~~3,971,483~~	
INSTINCT	~~November 29, 2017~~	~~87/700,742~~	December 25, 2018	5,636,179	Principal
Instinct	~~February 19, 2019~~	~~88/306,387~~	December 24, 2019	5,941,987	Principal

Our Affiliate has applied for registration of the following Mark on the Principal Register of the USPTO:

Mark	Filing Date	Serial Number	Register
Instinct Dog Behavior & Training	February 16, 2022	97/270,572	Principal

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

Our Affiliate and IP Affiliate have and intend to continue to file all affidavits and to renew the registrations for the Marks when they become due.

You must follow our rules when you use these Marks. You cannot use a name or mark as a part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our marks with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

No agreements limit our right to use or license the use of our trademarks, except for the perpetual trademark license agreement between us and our Affiliate dated October 14, 2017, and us and our IP Affiliate dated October 31, 2018.

You must notify us immediately when you learn about an infringement of or challenge to your use of a Proprietary Mark. We will take the action we think appropriate and control any litigation or other proceeding arising out of any such infringement or challenge to the Marks. You agree to sign any and all instruments and documents, to render all such assistance and to do all such acts and things as may, in the opinion of our legal counsel, be necessary or advisable to protect the Marks.

The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

You must modify or discontinue the use of a Proprietary Mark if we modify or discontinue it. We are not required to reimburse you for any costs you incur related to the modification or discontinuance of a Proprietary Mark. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our trademark.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; any pending infringement, opposition or cancellation; or any pending material litigation involving the Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise.

You may use the proprietary information in our Operations Manual. The Operations Manual is described in Item 11. Although we have not filed an application for a copyright registration for the Operations Manual, we claim a copyright in it and the information is proprietary.

You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We are not obligated to indemnify you for losses brought by a third party concerning your use of this information, but we will take all steps we think are appropriate to protect our copyright in the Operations Manual.

You must operate your Franchised Business according to the standards, methods, policies and procedures specified in the Operations Manual. One copy of the Operations Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Operations Manual, any other of our manuals which are used in the operation of your Franchised Business and the information in them as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Operations Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Operations Manual and you must comply with each new or changed standard. You must make sure that the Operations Manual is kept current at all times. In the event of any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our home office will be controlling.

You must not, during the term of the Franchise Agreement, or after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or which you may learn because of your operation under the terms of the Franchise Agreement. You may divulge this confidential information only to those of your employees who have access to and who operate your Franchised Business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

If you or any of your owners or employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and give us all necessary information, free of charge. You, your owners and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

At our request, you must require your Director of Operations, Director of Behavior and Training, and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment, by you, at your Franchised Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct, or indirect, ownership in a competing business.

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

If you purchase a start-up or conversion franchise, the franchise is not a passive investment; you must be actively involved in the daily operation of your Franchised Business regardless of whether or not you hold a Director position, as described below. If you purchase an add-on franchise, such as if you are a veterinarian, we may permit you to not be actively involved in the daily operation of the Franchised Business, but you must make the key decisions regarding the operation of the Franchised Business.

You must have a Director of Operations, a Director of Behavior and Training, and the number of dog trainers needed to satisfy client demand. You may act as either the Director of Operations or Director of Behavior and Training, except that if you purchase an add-on franchise, we may require you to employ a Director of Behavior and Training. If you are not qualified (or we do not permit you) to act as the Director of Behavior and Training, the Director of Behavior and Training that you hire must meet our certification requirements and must have at least a 15% equity interest in the Franchised Business. If you are qualified and do act as the Director of Behavior and Training, your Director of Operations is not required to have an equity interest in the Franchised Business.

Certifications that we require include: (1) your Director of Operations must be certified through the Certified Professional Animal Care Provider at either the Manager or Operator level within one year of hire date; (2) your Director of Behavior and Training must be certified through the International Association of Animal Behavior Consultants as a Certified Dog Behavior Consultant or certified through the Certification Council for Professional Dog Trainers as a Certified Behavior Consultant Canine within one year of hire date; and (3) your dog trainers must be certified through the Certification Council for Professional Dog Trainers as a CPDT-KA or higher, and/or obtain Dog Training Certification from Karen Pryor Academy (Dog Trainer Professional or equivalent course), and/or be a Certified Dog Behavior Consultant through The International Association of Animal Behavior Consultants. If a trainer has the requisite experience, a trainer may be hired without a certification as long as their certification or certificate program is in progress and will be completed within one year of the hire date. In addition, your canine care team must be certified through the Certified Professional Animal Care Provider at the basic level. If a candidate has the requisite experience, the candidate may be hired as long as the candidate has the certification within one year of the hire date. You must ensure that these individuals receive any periodic recertification required by the certifying agency or association. At our request, you will provide us with proof of the required certifications.

You and your Directors must devote full time and best efforts to the management and operation of the Franchised Business. You and your Directors must successfully complete our mandatory initial training program by demonstrating to us appropriate levels of competence in the subject matters taught in the training program, in our discretion. If either of your Directors' employment with you is terminated, you must designate a new Director who must be approved by us and must successfully complete our initial training program within 60 days after the termination of the previous Director. You must pay our then-current fee for this training and you must pay for your new Director's costs in attending training, including travel, lodging, meals and wages. You must at all times keep us advised of the identity of each of your Directors.

You must hire all employees of the Franchised Business and be solely responsible for the terms of their employment and compensation and for the proper training of those employees in the operation of the Franchised Business.

Your Directors and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality and Non-Competition Agreement which is attached to our Franchise Agreement as Attachment 5. We will be a third-party beneficiary of the covenants with the independent right to enforce them. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Attachment 3.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services that we have approved as meeting our standards and specifications. Our standards and specifications for goods and services are contained in the Operations Manual. We have the right to restrict you from using certain negative techniques in training dogs, such as an e-collar.

We have the right to add additional authorized services or goods that you may be required to offer. There are no limits on our right to do so.

You and all of your employees must present a clean, neat appearance and provide competent and courteous service to clients at all times. We require you and your employees to wear certain clothing, which may include logoed items.

You are restricted by the Franchise Agreement, the Operations Manual and any other practice or custom with respect to the goods or services that you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service, except as described in Item 12 and except that we may establish specific criteria, including demeanor and temperament criteria, for the suitability of dogs that may attend our dog boarding programs.

You must keep your Franchised Business open and in normal operation for the minimum hours and days we may specify, subject to local law. You must refrain from using or permitting the use of your Franchised Business for any other purpose or activity at any time, without first obtaining our written consent.

We may advise you on the maximum prices you may charge. We make no guarantee that by following our pricing requirements you will earn any level of sales or profitability.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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.

THE FRANCHISE RELATIONSHIP

Provision	Article or Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 1.2	Seven years from the date you open your Facility or Studio to the public
b. Renewal or extension of the term	Section 13.1	Additional renewal term of seven years, subject to performance of contractual requirements
c. Requirements for franchisee to renew or extend	Section 13.1	You must provide notice; be in good standing; sign new Franchise Agreement; sign release; pay renewal fee; and meet our then-current requirements for franchisees. We may modify the boundaries of your Designated Territory on renewal You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees you pay on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d. Termination by franchisee	Not applicable	You may seek to terminate your Franchise Agreement on any grounds permitted by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Article 14	We may terminate your Franchise Agreement if you default
g. "Cause" defined – curable defaults	Article 14	Failure to pay any money due; failure to submit financial information or reports; failure to conduct local marketing; failure to maintain standards or procedures; misuse or unauthorized use of the Marks; failure to comply with certification requirements; and others. See Article 14

Provision	Article or Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	Article 14	Failure to open; abandon Franchised Business; conviction of a felony, fraud, a crime involving moral turpitude, theft, burglary; threat to public health or safety; unapproved transfer; failure to comply with in-term covenants; failure to satisfactorily complete training program; disclosure of confidential information; repeated defaults or failed inspections; bankruptcy, insolvency or appointment of receiver; and others. See Article 14
i. Franchisee’s obligations on termination/ non-renewal	Article 15	De-identification; payment of monies due; return of Operations Manual and other confidential information; comply with post-term covenants
j. Assignment of contract by franchisor	Section 12.1	No restriction on our right to transfer
k. “Transfer” by franchisee – defined	Section 12.2	Transfer of a direct or indirect interest in the franchise
l. Franchisor approval of transfer by franchisee	Section 12.2	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 12.3	You are in good standing and all fees are current; you sign release; transferee qualifies; transferee signs then-current Franchise Agreement; transferee completes training to our satisfaction; transfer fee paid
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 12.8	We can match any offer for your business
o. Franchisor’s option to purchase franchisee’s business	Section 15.5	Upon expiration or termination, we can buy your Franchised Business
p. Death or disability of franchisee	Section 12.5	Franchise must be assigned to an approved buyer within six months
q. Non-competition covenants during the term of the franchise	Article 7	No involvement in any competing business

Provision	Article or Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	You may not divert business to any competitor. In addition, for two years after termination or expiration, you may not have any involvement in a competing business within 50 miles of your Designated Territory or any Franchised Business in the System. Post-termination non-competition covenants shall not apply to conversion franchisees
s. Modification of the agreement	Section 17.12	Must be in writing by both parties
t. Integration/merger clause	Section 17.14	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in this Disclosure Document
u. Dispute resolution by arbitration or mediation	Article 17	All disputes must be arbitrated within the county and state where we maintain our headquarters (subject to state law)
v. Choice of forum	Article 17	New York County, New York (subject to state law)
w. Choice of law	Article 17	New York law applies (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of our last fiscal year end, we had one affiliate-owned outlet and ~~two~~six franchisee-owned outlets open and operating~~, and below~~. Below are the actual results achieved by the affiliate-owned outlet and ~~one~~two of the franchisee-owned outlets for the calendar years listed. We have excluded the results for the four franchised ~~outlet in Portland, Oregon,~~outlets that opened during 2021 because ~~this location opened in October~~ these outlets~~2020, and~~ would not present a full 12-months of sales.

Since January 2017, the affiliate-owned outlet has operated from its existing location at 181 East 111th Street in New York, New York, which has 6,000 square feet of space (3,000 square feet indoors and 3,000 square feet outdoors). From September 2011 through December 2016, the outlet was operated from a smaller location at 1795 Lexington Avenue in New York, New York, containing 1,500 square feet of space (1,250 square feet indoors and 250 square feet outdoors). The Englewood franchisee-owned outlet included in this Item 19 opened in December 2018 ~~in Englewood, New Jersey,~~ at a location with a total of 12,500 square feet of space (10,000 square feet indoors and 2,500 square feet outdoors). The Portland franchisee-owned outlet operated in Phase One in 2021, and therefore did not have a Facility or Studio for which to provide the square footage.

Affiliate-Owned Location Sales – New York, New York

Calendar Year	2015	2016	2017	2018	2019	2020	2021
Square Footage	1,500	1,500	6,000	6,000	6,000	6,000	6,000
Gross Sales*	$630,877	$858,703	$1,668,530	$2,249,367	$2,096,488	$1,640,718	$2,001,945

Franchisee-Owned Location Sales – Englewood, New Jersey

Calendar Year	2019	2020	2021
Square Footage	12,500	12,500	12,500
Gross Sales*	$1,245,631	$1,029,399	$1,464,989

Franchisee-Owned Location Sales – Portland, Oregon

Calendar Year	2019
Square Footage	n/a
Gross Sales*	$439,694

*Gross Sales is defined as all revenue from the sale of services and products and all other income related to the Franchised Business. Gross Sales does not include discounts or refunds provided to customers or sales or use taxes.

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

This financial performance representation is based on the historical data for one outlet operated by our Affiliate and ~~one outlet~~two outlets operated by ~~our Franchisee~~franchisees. Gross Sales does not reflect the costs of sales, operating expenses, royalty fees, brand development fees or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit.

We offered the same services to the outlets described in this statement. These outlets offered the same products and services to the public as you will. The businesses report gross sales information to us based upon a uniform reporting system. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. The information presented above has not been audited.

Other than the preceding financial performance representation, Instinct Dog Training Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brian Burton at 181 East 111th Street, New York, New York, 10029, and (646) 868-8105, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years ~~2018,~~ 2019, 2020, 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~~2018~~	0	~~0~~1	~~0~~+1
	2020~~2019~~	~~0~~1	~~1~~2	+1
	~~2020~~2021	~~1~~2	~~2~~6	+~~1~~4
Company-Owned*	2019~~2018~~	1	1	0
	2020~~2019~~	1	1	0
	~~2020~~2021	1	1	0
Total Outlets	**2019~~2018~~**	**1**	**~~1~~2**	**~~0~~+1**
	2020~~2019~~	**~~1~~2**	**~~2~~3**	**+1**
	~~2020~~2021	**~~2~~3**	**~~3~~7**	**+~~1~~4**

*The Company-Owned Outlet shown above is owned and operated by our Affiliate.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2018,~~ 2019, 2020, 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2019~~2018~~	0
	2020~~2019~~	0
	~~2020~~2021	0
Total	**2019~~2018~~**	**0**
	2020~~2019~~	**0**
	~~2020~~2021	**0**

Table No. 3
Status of Franchised Outlets
For years ~~2018,~~ 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
~~New Jersey~~California	2019~~2018~~	0	0	0	0	0	0	0
	2020~~2019~~	0	~~1~~0	0	0	0	0	~~1~~0
	~~2020~~2021	~~1~~0	~~0~~1	0	0	0	0	1
New Jersey~~Oregon~~	2019~~2018~~	0	~~0~~1	0	0	0	0	~~0~~1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Oregon	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
~~**Total**~~	~~**2018**~~2021	~~**0**~~1	0	0	0	0	0	~~**0**~~1
Tennessee	2019	0	0	0	0	0	0	0

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Texas	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Total	**2019**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
	2020	**1**	**1**	**0**	**0**	**0**	**0**	**2**
	2021	**2**	**4**	**0**	**0**	**0**	**0**	**6**

Table No. 4
Status of Company-Owned Outlets*
For years ~~2018,~~ 2019, 2020, 2021

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
New York	~~2018~~2019	1	0	0	0	0	1
	2020~~2019~~	1	0	0	0	0	1
	~~2020~~2021	1	0	0	0	0	1
Total	**~~2018~~2019**	**1**	**0**	**0**	**0**	**0**	**1**
	2020~~2019~~	**1**	**0**	**0**	**0**	**0**	**1**
	~~2020~~2021	**1**	**0**	**0**	**0**	**0**	**1**

*The company-owned location shown above is owned by our Affiliate.

Table No. 5
Projected Openings as of October 31, 2021~~2020~~

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	~~3~~1	0
New York	~~1~~0	1	0
Pennsylvania	0	1	0
~~Tennessee~~Texas	0	1	0
~~Texas~~Wisconsin	0	1	0
Total	**~~1~~0**	**~~7~~5**	**0**

A list of the names of all franchisees and the addresses and telephones numbers of their businesses will be provided in Exhibit D to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit D to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Instinct Dog Behavior & Training System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Instinct Dog Behavior & Training System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit B are our audited financial statements for the fiscal years ended October 31, ~~2020~~2021, October 31, 2020~~2019~~, and October 31, ~~2018~~2019, and our unaudited financial statements as of June 30, 2022.

Our fiscal year end is October 31st.

ITEM 22
CONTRACTS

Attached to this Disclosure Document are the following contracts and their attachments:

Franchise Agreement – Exhibit C
Form of General Release – Exhibit G

ITEM 23
RECEIPTS

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain one for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	~~Office of the~~ NYS Department of Law ~~New York State Attorney General~~ Investor Protection Bureau~~, Franchise Section~~ 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-~~8236 Phone~~ ~~(212) 416-6042 Fax~~8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

INSTINCT DOG TRAINING, INC AND SUBSIDIARY
FINANCIAL STATEMENTS
OCTOBER 31,2021

INSTINCT DOG TRAINING, INC and SUBSIDIARY
TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Balance Sheets	3
Statements of Operations and Stockholders' (Deficit)	4
Statement of Cashflows	5
Notes to Financial Statements	6

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 SPRUCE POND CIRCLE PLAINVIEW, NEW YORK 11803

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Instinct Dog Training Inc. and Subsidiary

Opinion

We have audited the financial statements of Instinct Dog Training Inc. and Subsidiary which comprise the balance sheets as of October 31, 2021 and 2020 and the related statement of operations and changes in stockholder's deficit and cash flows for the years ended October 31,2021 and 2020 and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Instinct Dog Training Inc. and Subsidiary as at October31, 2021 and 2020 the results of its operations and its cash flows for the for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles gen-erally 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 Instinct Dog Training Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness Instinct Dog Training Inc. and Subsidiary'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 Instinct Dog Training Inc. and Subsidiary'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.

Barry Knepper
Plainview, New York
June 30,2022

INSTINCT DOG TRAINING, INC and SUBSIDIARY
BALANCE SHEETS

	OCTOBER 31	
	2021	2020
ASSETS		
Current Assets		
Cash	$ 51,171	$ 109,652
Accounts receivable	39,820	9,469
Prepaid expenses	16,654	—
Due from franchisees	80,000	—
Total current assets	187,645	119,121
Machinery and equipment, net	7,935	12,204
Total Assets	$ 195,580	$ 131,325
LIABILITIES AND STOCKHOLDERS' (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 58,569	$31,570
Deferred franchise fees	11,430	9,881
Loans payable	5,785	2,410
Due to stockholder	9,650	9,852
Due to related party	311,164	190,145
Total current liabilities	396,598	243,858
Loan payable- non current	66,002	52,016
Deferred franchise fees, net of current	52,022	13,452
Equity		
Common Stock	30,000	30,000
Additional Paid in Capital	200,033	200,032
Deficit	(549,075)	(408,033)
Stockholders' (Deficit)	(319,042)	(178,001)
Total Liabilities and Stockholders' (Deficit)	$ 195,580	$ 131,325

See notes to financial statements

INSTINCT DOG TRAINING,INC and SUBSIDIARY
STATEMENT OF OPERATIONS AND SHAREHOLDER'S (DEFICIT)

	YEAR ENDED OCTOBER 31	
	2021	2020
Revenues		
Franchise Fees	$ 59,881	$ 4,286
Royalties	114,127	66,005
Call center	45,106	30,515
Other	25,692	15,963
	244,806	116,769
General and Administrative Expenses	363,369	165,837
Net Loss	(118,563)	(49,068)
(Deficit)-Beginning	(178,001)	(191,294)
ASC 606 Adjustment	—	12,381
Stockholder's Contributions(Distributions)	(22,478)	49,980
(Deficit)-Ending	$ (319,042)	$ (178,001)

See notes to financial statements

INSTINCT DOG TRAINING ,INC and SUBSIDIARY
STATEMENT OF CASHFLOWS

	OCTOBER 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (118,563)	$ (33,354)
Depreciation	9,444	1,581
Adjustments to reconcile net (loss) to net cash used by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(30,351)	(4,929)
Prepaid expenses	(16,654)	—
Due from franchisees	(80,000)	—
Accounts payable	26,999	3,509
Deferred franchise fees	40,119	(20,000)
Due to stockholder	(202)	(8,798)
	(169,208)	(61,991)
CASH USED IN INVESTING ACTIVITES		
Fixed asset acquisitions	(5,275)	(3,666)
CASH FROM FINANCING ACTIVITIES		
Loan payable	17,361	44,257
Loan from related party	121,119	53,965
Stockholder equity contribution(disribution)	(22,478)	49,980
	116,002	148,202
Increase(Decrease) in cash	(58,481)	82,545
Cash-Beginning	109,652	27,107
Cash-Ending	$ 51,171	$ 109,652

See notes to financial statements

---

1. THE COMPANY-Instinct Dog Training, Inc. is a New York corporation that was formed in October 2017 to offer franchises that provide individual and group dog training, boarding and other services of interest to dog owners. The Company has a wholly owned Canadian subsidiary that only supplies certain support services to the Company and as such does not have any revenue. All transactions have been converted from Canadian to U.S dollars as of the report date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Property and Equipment-Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful life of each type of asset which ranges from five to seven years. Leasehold improvements are depreciated over the life of the asset or the corresponding lease agreement, whichever is shorter. Major improvements are capitalized, while expenditures for repairs and maintenance are expensed when incurred. Upon retirement or disposition, the related costs and accumulated depreciation are removed from the accounts, and any resulting gains or losses are credited or charged to income.

Revenue Recognition-In accordance with FASB ASC Subtopic 952–06, Franchisors, Revenue Recognition, nonrefundable initial franchise fees paid by franchise owners are recognized as revenue the earlier of when the franchisee commences operations or upon termination of the franchise agreement. Initial franchise fees collected prior to commencing operations are recorded as deferred initial franchise
fees.

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations. The new standard requires that the franchise fee received from customers be allocated to each separate and distinct performance obligation.

During the years ended December 31,2021 and 2020 the Company recorded income from the amortization of deferred franchise fees of $4,286 and $4,286 respectively as a result of the adoption of ASC 606. The Company also recorded an adjustment to retained earnings for the retroactive application of ASC 606 of $12,381 at October 31,2019.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate the business described above for a specified number of years.

Concentration of Credit Risk—Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 vary from those estimates.

2.INCOME TAXES -The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date. The Company has not recorded a tax asset for the cumulative losses form inception due to the uncertainty of being able to realize the asset in the future.

3. RELATED PARTIES - The Company has received advances from a related entity from time to time. As of October 31,2021, and 2020 the balance due to this related party was $ 311,164 and $190.145, including accrued interest, respectively. This balance is due October 31,2022 and bears interest at 2.09%

4.LOANS PAYABLE-The Company obtained an interest free loan for the Atlantic Canada opportunities Agency for ITS Canadian subsidiary. As of October 31,2021, the balance in U.S. dollars was $23,366. The loan is repayable in 60 monthly installments of $645 which began in May 2021.

The Company obtained a Covid emergency loan from a Canadian Bank the amount of $48,421. There are no payments due until January 2023 and the loan is interest free through that date. During the extended term of the loan from January 2023 through December 20205 the loan bears interest at 5%. If 75% of the loan is paid prior to December 2022, the remaining portion of the loan will be forgiven.

The aggregate minimum future loan payments as of October 31, 2021, for each of the next five years and thereafter are as follows:

2022	$ 5,785
2023	5,785
2024	5,785
2025	5,785
2026	5,785
Thereafter	19.496

5.SUBSEQUENT EVENTS- The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through June 30,2022 date at which the financial statement became available.

INSTINCT DOG TRAINING, INC AND SUBSIDIARY
FINANCIAL STATEMENTS
OCTOBER 31,2020

INSTINCT DOG TRAINING,INC and SUBSIDIARY

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Balance Sheet	2
Statements of Operations and Shareholder's Deficit	3
Statement of Cashflows	4
Notes to Financial Statement	5

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 Spruce Pond Circle Plainview, New York 11803

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Instinct Dog Training, Inc and Subsidiary

We have audited the accompanying financial statements of Instinct Dog Training, Inc. and Subsidiary (the "Company") as of October 31, 2020 and 2019 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. 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 the 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 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 Instinct Dog Training, Inc. as of October 31, 2020 and 2019, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The COVID-19 outbreak in 2020 (see Note5) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in an inconsiderable amount of uncertainty a t the financial impact and duration, which cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Barry Knepper, CPA
January 4,2021

INSTINCT DOG TRAINING, INC and SUBSIDIARY
BALANCE SHEETS

	October 31	
	2020	2019
ASSETS		
Current Assets		
Cash	$ 109,652	$ 27,107
Accounts receivable	9,469	4,540
	119,121	31,647
Machinery and equipment, net	12,204	10,119
Total Assets	$ 131,325	$ 41,766
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 31,570	$ 28,061
Deferred franchise fees	20,000	40,000
Loan payable	2,410	10,169
Due to shareholder	9,852	18,650
Due to related party	190,145	136,180
	253,977	233,060
Loan payable- non current	52,016	—
Equity		
Paid in Capital	230,032	180,052
Deficit	(404,700)	(371,346)
Stockholders' Deficit	(174,668)	(191,294)
Total Liabilities and Stockholder's Equity	$ 131,325	$ 41,766

See notes to financial statements

INSTINCT DOG TRAINING,INC and SUBSIDIARY
STATEMENT OF OPERATIONS AND SHAREHOLDER'S (DEFICIT)

	YEAR ENDED OCTOBER 31	
	2020	2019
Revenues		
Franchise Fees	$ 20,000	$ —
Royalties	66,005	80,922
Call center	30,515	18,693
Other	15,963	—
	132,483	99,615
General and Administrative Expenses	165,837	218,228
Net Loss	(33,354)	(118,613)
Deficit-Beginning	(191,294)	(72,681)
Stockholder's Contributions	49,980	—
Deficit-Ending	$ (174,668)	$ (191,294)

See notes to financial statements

INSTINCT DOG TRAINING ,INC and SUBSIDIARY
STATEMENT OF CASHFLOWS

	OCTOBER 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (33,354)	$ (118,613)
Depreciation	1,581	1,687
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(4,929)	(545)
Accounts payable	3,509	2,916
Deferred franchise fees	(20,000)	40,000
Due to shareholder	(8,798)	—
	(61,991)	(74,555)
CASH USED IN INVESTING ACTIVITES		
Fixed asset acquisitions	(3,666)	(519)
CASH FROM FINANCING ACTIVITIES		
Loan payable	44,257	10,169
Loan from related party	53,965	66,284
Shareholder equity contributions	49,980	—
	148,202	76,453
Increase(Decrease) in cash	82,545	1,379
Cash-Beginning	27,107	25,728
Cash-Ending	$ 109,652	$ 27,107

See notes to financial statements

---

1. THE COMPANY-Instinct Dog Training, Inc. is a New York corporation that was formed in October 2017 to offer franchises that provide individual and group dog training, boarding and other services of interest to dog owners. The Company has a wholly owned Canadian subsidiary that only supplies certain support services to the Company and as such does not have any revenue. All transactions have been converted from Canadian to U.S dollars as of the report date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Property and Equipment-Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally on the straight-line method over the estimated useful life of each type of asset which ranges from five to seven years. Leasehold improvements are depreciated over the life of the asset or the corresponding lease agreement, whichever is shorter. Major improvements are capitalized, while expenditures for repairs and maintenance are expensed when incurred. Upon retirement or disposition, the related costs and accumulated depreciation are removed from the accounts, and any resulting gains or losses are credited or charged to income.

Revenue Recognition-In accordance with FASB ASC Subtopic 952–06, Franchisors, Revenue Recognition, nonrefundable initial franchise fees paid by franchise owners are recognized as revenue the earlier of when the franchisee commences operations or upon termination of the franchise agreement. Initial franchise fees collected prior to commencing operations are recorded as deferred initial franchise fees.

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

In January 2021 The Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient* to address concerns about the complexity of applying Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* to private company franchisors, specifically relating to the amount and timing of revenue recognition for initial franchise fees.

The ASU creates a practical expedient for private company franchisors applying ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The practical expedient simplifies the identification of certain performance obligations in franchise license agreements, allowing franchisors to account for pre-opening services, as listed in Subtopic 952-606, as distinct from the franchise license and recognize these services as a single performance obligation. Subtopic 952-606 provides that private company franchisors may account for the following pre-opening services as distinct from the franchise license:

- Assistance in the selection of a site.
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.
- Training of the franchisee's personnel or the franchisee.
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping.
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business; and
- Inspection, testing, and other quality control programs.

Previously, under Topic 606, franchisors were required to analyze each pre-opening activity in a franchise agreement and determine whether it represented promised goods or services that were distinct enough to be recognized as a separate performance obligation and had to be analyzed for a determination of standalone selling price, price allocation, and revenue recognition timing. By providing a list of pre-opening services that can be grouped together as a single performance obligation distinct from the franchise license, the FASB's goal in creating the practical expedient was to lower the cost and time undertaken to analyze the many potential performance obligations that franchise agreements create. However, the practical expedient does not simplify the guidance on allocating transaction price and determining an appropriate standalone selling price for those pre-opening services.

The Company has applied the practical expedient as of October 31,2020.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate the business described above for a specified number of years.

Concentration of Credit Risk—Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 vary from those estimates.

2.INCOME TAXES -The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statements of operations in the period that includes the enactment date.

3. RELATED PARTIES - The Company has received advances from a related entity and a shareholder from time to time. As of October 31,2020, and 2019 the balance due to this related party was $ 9,852 and $18,650, including accrued interest, respectively.

The balance due to the shareholder at October 31,2020 and,2019 was $190,145 and $136,180, including accrued interest, respectively. Both loans bear interest at 2.09%.The shareholder loan is due October 31,2021.

4.LOANS PAYABLE-The Company obtained an interest free loan for the Atlantic Canada opportunities Agency for ITS Canadian subsidiary. As of October 31,2020, the balance in U.S. dollars was $24,531. The loan is repayable in 60 monthly installments of $645 beginning May 2021.

The Company obtained a Covid emergency loan from a Canadian Bank the amount of $29,895. There are no payments due until January 2023 and the loan is interest free through that date. During the extended term of the loan from January 2023 through December 20205 the loan bears interest at 5%.If 75% of the loan is paid prior to December 2022, the remaining portion of the loan will be forgiven.

The aggregate minimum future loan payments as of October 31, 2020 for each of the next five years and thereafter are as follows:

October 31,2021	$ 2 410
October 31,2022	5,785
October 31,2023	5,785
October 31,2024	5,785
October 31,2025	4,766
Thereafter	29,895
Total	$54,426

5.SUBSEQUENT EVENTS- The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through January 4,2021.

INSTINCT DOG TRAINING, INC AND SUBSIDIARY
FINANCIAL STATEMENTS
OCTOBER 31,2019

INSTINCT DOG TRAINING,INC and SUBSIDIARY

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Balance Sheet	2
Statements of Operations and Shareholder's Deficit	3
Statement of Cashflows	4
Notes to Financial Statement	5

BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
736 VERONA DRIVE MELVILLE, NEW YORK 11747

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Instinct Dog Training, Inc and Subsidiary

We have audited the accompanying financial statements of Instinct Dog Training, Inc. and Subsidiary (the "Company") as of October 31, 2019 and 2018 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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 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 Instinct Dog Training, Inc. as of October 31, 2019 and 2018, in accordance with accounting principles generally accepted in the United States of America.

Barry Knepper, CPA
January 25,2020

INSTINCT DOG TRAINING, INC and SUBSIDIARY
BALANCE SHEET

	OCTOBER 31	
	2019	2018
ASSETS		
Current Assets		
Cash	$ 27,107	$ 25,728
Accounts receivable	4,540	3,995
	31,647	29,723
Machinery and equipment, net	10,119	11,287
Total Assets	$ 41,766	$ 41,010
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	$24,171	$ 21,255
Deferred franchise fees	40,000	—
Loan payable	10,169	—
Due to related party	22,540	102,280
	96,880	123,535
Equity		
Common Stock	30,000	30,000
Additional Paid in Capital	150,052	150,052
Deficit	(235,166)	(262,577)
Stockholders' Deficit	(55,114)	(82,525)
Total Liabilities and Stockholders' Deficit	$ 41,766	$ 41,010

See notes to financial statements

INSTINCT DOG TRAINING,INC and SUBSIDIARY
STATEMENT OF OPERATIONS AND SHAREHOLDER'S EQUITY(DEFICIT)

	YEAR ENDED OCTOBER 31	
	2019	2018
Revenues		
Franchise Fees	$ —	$ 20,000
Royalties	80,922	—
Other	18,693	—
	99,615	20,000
General and Administrative Expenses	218,228	282,277
Net Loss	(118,613)	(262,577)
Equity-Beginning	(82,525)	30,000
Stockholder's Contributions	146,024	150,052
Deficit-Ending	$ (55,114)	$ (82,525)

See notes to financial statements

INSTINCT DOG TRAINING ,INC and SUBSIDIARY
STATEMENT OF CASHFLOWS

	OCTOBER 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	$ (118,613)	$ (262,577)
Depreciation	1,687	—
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(545)	(3,995)
Accounts payable	2,916	21,255
Deferred franchise fees	40,000	—
Loan payable	10,169	—
Due to related party	(79,740)	102,280
	(144,126)	(143,037)
CASH USED IN INVESTING ACTIVITES		
Fixed asset acquisitions	(519)	(11,287)
CASH FROM FINANCING ACTIVITIES		
Shareholder equity contributions	146,024	150,052
Increase(Decrease) in cash	1,379	(4,272)
Cash-Beginning	25,728	30,000
Cash-Ending	$ 27,107	$ 25,728

See notes to financial statements

1. THE COMPANY-Instinct Dog Training, Inc. is a New York corporation that was formed in October 2017 to offer franchises that provide individual and group dog training, boarding and other services of interest to dog owners. The Company has a wholly owned Canadian subsidiary that only supplies certain support services to the Company and as such does not have any revenue. All transactions have been converted form Canadian to U.S dollars as of the report date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Fixed Assets-Machinery and equipment is depreciated over tis useful life of seven ears. During the year ended October 31,2019 and 2018 the Company acquired $519 and $12,87 of fixed assets. In the year ended October 31,2019 the Company recorded deprecation of $1,687 .

Revenue Recognition-In accordance with FASB ASC Subtopic 952–06, Franchisors, Revenue Recognition, nonrefundable initial franchise fees paid by franchise owners are recognized as revenue the earlier of when the franchisee commences operations or upon termination of the franchise agreement. Initial franchise fees collected prior to commencing operations are recorded as deferred initial franchise fees.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate the business described above for a specified number of years. At October 31, 2019 and 2018 there were one and no franchises operating.

Concentration of Credit Risk—Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Income Taxes-Income tax expense is the total of the current year income tax due or refundable and the changes in deferred tax assets and liabilities. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. No deferred tax asset has been recorded due to accumulated losses to date and the uncertainly therefore of the Company's ability to use such tax asset.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 vary from those estimates.

2. RELATED PARTIES - The Company has received advances from a related entity from time to time. As of October 31,2019, and 2018 the balance due to this related party was $ 22,540 and $!02,280, including accrued interest, respectively. This balance is due October 31,2021 and bears interest at 2.09%

3.LOAN PAYABLE-The Company obtained an interest free loan for the Atlantic Canada opportunities Agency for tis Canadian subsidiary. As of October 31,2019, the balance in U.S. dollars was $10,169.

4. **SUBSEQUENT EVENTS-** The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through January 25,2020.

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.

Instinct Dog Training Inc.

Balance Sheet

As of June 30, 2022

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
CK_0744_Bank of America	44,942.36
Total Bank Accounts	**$44,942.36**
Accounts Receivable	
Accounts Receivable (A/R)	21,215.04
Total Accounts Receivable	**$21,215.04**
Other Current Assets	
Due from Franchisee- Portland	0.00
Due from Franchisee - Fort Worth	40,000.00
Due from Franchisee - Nashville	20,000.00
Due From Franchisee - NJ	0.00
Due from Franchisee - San Diego	38,153.86
Due From Instinct Canada	179,847.97
Prepaid Expenses	0.00
Undeposited Funds	0.00
Total Other Current Assets	**$278,001.83**
Total Current Assets	**$344,159.23**
Fixed Assets	
Furniture and Equipment	0.00
Total Fixed Assets	**$0.00**
TOTAL ASSETS	**$344,159.23**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
CC_4459_Bank of America	16,729.48
CC_6144_Chase Visa	21,563.84
Total Credit Cards	**$38,293.32**
Other Current Liabilities	
Accrued Expenses	0.00
Deferred Revenue	0.00
Total Other Current Liabilities	**$0.00**
Total Current Liabilities	**$38,293.32**

Instinct Dog Training Inc.

Balance Sheet

As of June 30, 2022

	TOTAL
Long-Term Liabilities	
Accrued Interest - LLC Loan	10,394.16
Accrued interest - Shareholder	403.38
Due to Instinct LLC	325,164.06
Shareholder Loan	9,650.00
Total Long-Term Liabilities	**$345,611.60**
Total Liabilities	**$383,904.92**
Equity	
Paid in Capital	230,032.50
Retained Earnings	-386,315.61
Net Income	116,537.42
Total Equity	**$ -39,745.69**
TOTAL LIABILITIES AND EQUITY	**$344,159.23**

Instinct Dog Training Inc.

Profit and Loss

November 1, 2021 - July 14, 2022

	TOTAL
Income	**$274,267.41**
GROSS PROFIT	**$274,267.41**
Expenses	
Advertising and Marketing	76,857.83
Ask Brian	2,500.00
Bank Service Charges	435.83
Computer and Internet	4,055.20
Continuing Education	1,749.00
Insurance	18,704.00
Interest Expense	4,425.66
Legal & Professional Fees	35,809.73
Office Supplies	219.38
QuickBooks Payments Fees	584.14
Software Applications	7,477.32
Supplies	-161.59
Taxes & Licenses	93.97
Utilities	7,805.15
Total Expenses	**$160,555.62**
NET OPERATING INCOME	**$113,711.79**
Other Income	
Interest Earned & Cash Back	1,989.01
Total Other Income	**$1,989.01**
Other Expenses	
Penalties & Interest	166.65
Total Other Expenses	**$166.65**
NET OTHER INCOME	**$1,822.36**
NET INCOME	**$115,534.15**

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

INSTINCT DOG TRAINING INC.

FRANCHISE AGREEMENT

____
FRANCHISEE

____
DATE OF AGREEMENT

☐ Start-up Franchise

☐ Conversion Franchise

☐ Add-on Franchise

TABLE OF CONTENTS

~~**ARTICLE 1**~~ **1**

~~PREAMBLES AND GRANT OF FRANCHISE~~ 1

~~*1.1 Preambles*~~ *1*

~~*1.2 Grant of Franchise; Term*~~ *1*

~~*1.3 Territorial Rights*~~ *2*

~~*1.4 Rights Reserved to Us*~~ *2*

~~*1.5 Relocation*~~ *2*

~~*1.6 Forms of Agreement*~~ *3*

~~**ARTICLE 2**~~ **3**

~~SITE SELECTION AND OPENING OF BUSINESS~~ 3

~~*2.1 Acceptance of Site and Lease*~~ *3*

~~*2.2 Build-Out of Site*~~ *4*

~~*2.3 Operating Assets*~~ *4*

~~*2.4 Computer System*~~ *4*

~~*2.5 Opening*~~ *5*

~~*2.6 Relocation*~~ *6*

~~**ARTICLE 3**~~ **6**

~~FEES~~ 6

~~*3.1 Initial Franchise Fee*~~ *6*

~~*3.2 Royalty Fee*~~ *6*

~~*3.3 Brand Development Fee*~~ *7*

~~*3.4 Definition of "Gross Sales"*~~ *7*

~~*3.5 Electronic Funds Transfer*~~ *7*

~~*3.6 Interest*~~ *7*

~~*3.7 Application of Payments and Right of Set-Off*~~ *8*

~~*3.8 Technology Fee*~~ *8*

~~*3.9 Insufficient Funds Fee*~~ *8*

~~**ARTICLE 4**~~ **8**

~~TRAINING AND ASSISTANCE~~ 8

~~*4.1 Initial and Refresher Training; Opening Assistance*~~ *8*

~~*4.2 Ongoing Guidance*~~ *9*

~~*4.3 Operations Manual*~~ *10*

~~*4.4 Delegation of Performance*~~ *10*

~~*4.5 Franchisee Meetings*~~ *10*

~~**ARTICLE 5**~~ **11**

~~MARKS~~ 11

~~*5.1 Ownership and Goodwill of Marks*~~ *11*

~~*5.2 Limitations on Your Use of Marks*~~ *11*

~~*5.3 Notification of Infringements and Claims*~~ *11*

~~*5.4 Discontinuance of Use of Marks*~~ *11*

~~*5.5 Indemnification for Use of Marks*~~ *12*

~~**ARTICLE 6**~~ **12**

~~CONFIDENTIAL AND GENERAL INFORMATION~~ 12
~~*6.1 Confidential Information*~~ *12*
~~*6.2 Restriction on Use of Confidential Information*~~ *13*
~~*6.3 Client Database*~~ *13*
~~*6.4 Call Center*~~ *14*

~~ARTICLE 7~~ 14

~~EXCLUSIVE RELATIONSHIP~~ 14

~~ARTICLE 8~~ 14

~~BUSINESS OPERATION AND SYSTEM STANDARDS~~ 14
~~*8.1 Condition and Appearance of the Franchised Business*~~ *14*
~~*8.2 Products and Services the Franchised Business Offers*~~ *15*
~~*8.3 Approved Products, Services, and Suppliers*~~ *15*
~~*8.4 Compliance with Laws and Good Business Practices*~~ *16*
~~*8.5 Insurance*~~ *17*
~~*8.6 Compliance with System Standards*~~ *18*
~~*8.7 Pricing*~~ *19*
~~*8.8 Management; Certification*~~ *20*
~~*8.9 Customer Satisfaction*~~ *20*
~~*8.10 Gift Cards; Loyalty Cards*~~ *21*
~~*8.11 Client Forms and Agreements*~~ *21*
~~*8.12 Client Incidents*~~ *21*
~~*8.13 Motor Vehicles*~~ *21*
~~*8.14 Guaranty*~~ *21*

~~ARTICLE 9~~ 22

~~ADVERTISING AND MARKETING~~ 22
~~*9.1 Participation in Advertising and Brand Development Programs*~~ *22*
~~*9.2 Local Marketing*~~ *22*
~~*9.3 Brand Development Fund*~~ *22*
~~*9.4 Conduct of Marketing; Our Approval*~~ *23*
~~*9.5 Grand Opening Marketing Campaign*~~ *24*
~~*9.6 Websites and Social Media*~~ *24*
~~*9.7 Advisory Council*~~ *25*
~~*9.8 Marketing Cooperatives*~~ *25*

~~ARTICLE 10~~ 26

~~RECORDS, REPORTS AND FINANCIAL STATEMENTS~~ 26
~~*10.1 Maintenance of Records*~~ *26*
~~*10.2 Monthly Reports and Financial Information*~~ *26*
~~*10.3 Annual Reports*~~ *26*
~~*10.4 Other Reports Required by Us*~~ *27*
~~*10.5 Our Right to Audit*~~ *27*
~~*10.6 Correction of Errors*~~ *27*
~~*10.7 Authorization of Us*~~ *27*

~~ARTICLE 11~~ 27

~~INSPECTIONS~~ 27

~~ARTICLE 12~~ 28

~~TRANSFER~~ 28
~~*12.1 By Us*~~ *28*
~~*12.2 By You*~~ *29*
~~*12.3 Conditions for Approval of Transfer*~~ *29*
~~*12.4 Corporation or Limited Liability Company Ownership*~~ *31*
~~*12.5 Transfer Upon Death or Disability*~~ *31*
~~*12.6 Operation in the Event of Absence or Disability*~~ *31*
~~*12.7 Effect of Consent to Transfer*~~ *32*
~~*12.8 Our Right of First Refusal*~~ *32*
~~*12.9 Ownership Structure*~~ *33*
~~*12.10 Transfer Among Owners*~~ *33*

~~ARTICLE 13~~ 33

~~GRANT OF A RENEWAL FRANCHISE~~ 33
~~*13.1 Renewal*~~ *33*
~~*13.2 Refusal to Renew Franchise Agreement*~~ *34*
~~*13.3 Renewal Under Law*~~ *34*
~~*13.4 Your Election Not to Renew*~~ *34*

~~ARTICLE 14~~ 35

~~TERMINATION OF AGREEMENT~~ 35
~~*14.1 Our Termination Rights – No Opportunity to Cure*~~ *35*
~~*14.2 Our Termination Rights – Opportunity to Cure*~~ *36*
~~*14.3 Reinstatement and Extension*~~ *37*
~~*14.4 Cross-Defaults, Non-Exclusive Remedies, etc.*~~ *37*
~~*14.5 Our Right to Discontinue Services to You*~~ *38*
~~*14.6 Amendment Pursuant to Applicable Law*~~ *38*

~~ARTICLE 15~~ 38

~~RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION~~ 38
~~*15.1 Payment of Amounts Owed*~~ *38*
~~*15.2 De-Identification*~~ *38*
~~*15.3 Confidential Information*~~ *39*
~~*15.4 Covenant Not to Compete*~~ *39*
~~*15.5 Our Right to Purchase Franchised Business*~~ *39*
~~*15.6 Continuing Obligations*~~ *40*
~~*15.7 Liquidated Damages*~~ *40*

~~ARTICLE 16~~ 41

~~RELATIONSHIP OF THE PARTIES; INDEMNIFICATION~~ 41
~~*16.1 No Fiduciary Relationship*~~ *41*
~~*16.2 Independent Contractor*~~ *41*
~~*16.3 Sole and Exclusive Employer of Your Employees*~~ *42*
~~*16.4 You are Not Authorized*~~ *42*

~~ARTICLE 17~~ 43

~~MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION~~ 43
~~*17.1 Severability and Substitution of Valid Provisions*~~ *43*
~~*17.2 Waiver of Obligations*~~ *43*
~~*17.3 Injunctive Relief*~~ *44*
~~*17.4 Rights of Parties are Cumulative*~~ *44*

~~*17.5 Costs and Attorneys' Fees*~~ ~~*44*~~
~~*17.6 Arbitration*~~ ~~*44*~~
~~*17.7 Governing Law*~~ ~~*44*~~
~~*17.8 Jurisdiction*~~ ~~*45*~~
~~*17.9 Waiver of Punitive Damages*~~ ~~*45*~~
~~*17.10 Waiver of Jury Trial*~~ ~~*45*~~
~~*17.11 You May Not Withhold Payments*~~ ~~*45*~~
~~*17.12 Binding Effect*~~ ~~*45*~~
~~*17.13 Limitations of Claims*~~ ~~*45*~~
~~*17.14 Entire Agreement; Construction*~~ ~~*45*~~
~~*17.15 Withholding Consent*~~ ~~*46*~~
~~*17.16 Step-In Rights – Cause for Step-In*~~ ~~*46*~~
~~*17.17 Step-In Rights – Duties of Parties*~~ ~~*46*~~
~~*17.18 Costs and Legal Fees*~~ ~~*46*~~

~~ARTICLE 18~~ ~~47~~

~~DEBTS AND TAXES~~ ~~47~~
~~*18.1 Taxes*~~ ~~*47*~~
~~*18.2 Payments to Us*~~ ~~*47*~~
~~*18.3 Tax Disputes*~~ ~~*47*~~
~~*18.4 Compliance with Laws*~~ ~~*47*~~
~~*18.5 Notification of Action or Proceeding*~~ ~~*47*~~

~~ARTICLE 19~~ ~~48~~

~~INDEMNIFICATION~~ ~~48~~
~~*19.1 Indemnification by You*~~ ~~*48*~~
~~*19.2 Notification of Action or Claim*~~ ~~*48*~~
~~*19.3 We May Settle*~~ ~~*48*~~
~~*19.4 Losses and Expenses*~~ ~~*49*~~
~~*19.5 Indemnitees Do Not Assume Liability*~~ ~~*49*~~
~~*19.6 Recovery from Third Parties*~~ ~~*49*~~
~~*19.7 Survival of Terms*~~ ~~*49*~~

~~ARTICLE 20~~ ~~49~~

~~NOTICES AND PAYMENTS~~ ~~49~~

~~ARTICLE 21~~ ~~50~~

~~SECURITY INTERESTS~~ ~~50~~
~~*21.1 Collateral*~~ ~~*50*~~
~~*21.2 Indebtedness Secured*~~ ~~*50*~~
~~*21.3 Additional Documents*~~ ~~*51*~~
~~*21.4 Possession of Collateral*~~ ~~*51*~~
~~*21.5 Our Remedies in Event of Default*~~ ~~*51*~~
~~*21.6 Special Filing as Financing Statement*~~ ~~*51*~~

~~ARTICLE 22~~ ~~51~~

~~ACKNOWLEDGMENTS~~ ~~51~~

ARTICLE 1 1

PREAMBLES AND GRANT OF FRANCHISE 1
1.1 Preambles *1*

1.2 Grant of Franchise; Term *1*
1.3 Territorial Rights *2*
1.4 Rights Reserved to Us *2*
1.5 Relocation *2*
1.6 Forms of Agreement *3*

ARTICLE 2 3

SITE SELECTION AND OPENING OF BUSINESS 3
2.1 Acceptance of Site and Lease *3*
2.2 Build-Out of Site *4*
2.3 Operating Assets *4*
2.4 Computer System *4*
2.5 Opening *5*
2.6 Relocation *6*

ARTICLE 3 6

FEES 6
3.1 Initial Franchise Fee *6*
3.2 Royalty Fee *6*
3.3 Brand Development Fee *7*
3.4 Definition of "Gross Sales" *7*
3.5 Electronic Funds Transfer *7*
3.6 Interest *7*
3.7 Application of Payments and Right of Set-Off *8*
3.8 Technology Fee *8*
3.9 Insufficient Funds Fee *8*

ARTICLE 4 8

TRAINING AND ASSISTANCE 8
4.1 Initial and Refresher Training; Opening Assistance *8*
4.2 Ongoing Guidance *9*
4.3 Operations Manual *10*
4.4 Delegation of Performance *10*
4.5 Franchisee Meetings *10*

ARTICLE 5 11

MARKS 11
5.1 Ownership and Goodwill of Marks *11*
5.2 Limitations on Your Use of Marks *11*
5.3 Notification of Infringements and Claims *11*
5.4 Discontinuance of Use of Marks *11*
5.5 Indemnification for Use of Marks *12*

ARTICLE 6 12

CONFIDENTIAL AND GENERAL INFORMATION 12
6.1 Confidential Information *12*
6.2 Restriction on Use of Confidential Information *13*
6.3 Client Database *13*
6.4 Call Center *14*

ARTICLE 7 14

EXCLUSIVE RELATIONSHIP 14

ARTICLE 8 14

BUSINESS OPERATION AND SYSTEM STANDARDS 14
8.1 Condition and Appearance of the Franchised Business 14
8.2 Products and Services the Franchised Business Offers 15
8.3 Approved Products, Services, and Suppliers 15
8.4 Compliance with Laws and Good Business Practices 16
8.5 Insurance 17
8.6 Compliance with System Standards 18
8.7 Pricing 19
8.8 Management; Certification 20
8.9 Customer Satisfaction 20
8.10 Gift Cards; Loyalty Cards 21
8.11 Client Forms and Agreements 21
8.12 Client Incidents 21
8.13 Motor Vehicles 21
8.14 Guaranty 21

ARTICLE 9 22

ADVERTISING AND MARKETING 22
9.1 Participation in Advertising and Brand Development Programs 22
9.2 Local Marketing 22
9.3 Brand Development Fund 22
9.4 Conduct of Marketing; Our Approval 23
9.5 Grand Opening Marketing Campaign 24
9.6 Websites and Social Media 24
9.7 Advisory Council 25
9.8 Marketing Cooperatives 25

ARTICLE 10 26

RECORDS, REPORTS AND FINANCIAL STATEMENTS 26
10.1 Maintenance of Records 26
10.2 Monthly Reports and Financial Information 26
10.3 Annual Reports 26
10.4 Other Reports Required by Us 27
10.5 Our Right to Audit 27
10.6 Correction of Errors 27
10.7 Authorization of Us 27

ARTICLE 11 27

INSPECTIONS 27

ARTICLE 12 28

TRANSFER 28
12.1 By Us 28
12.2 By You 29
12.3 Conditions for Approval of Transfer 29
12.4 Corporation or Limited Liability Company Ownership 31
12.5 Transfer Upon Death or Disability 31
12.6 Operation in the Event of Absence or Disability 31

12.7 Effect of Consent to Transfer 32
12.8 Our Right of First Refusal 32
12.9 Ownership Structure 33
12.10 Transfer Among Owners 33

ARTICLE 13 33

GRANT OF A RENEWAL FRANCHISE 33
13.1 Renewal 33
13.2 Refusal to Renew Franchise Agreement 34
13.3 Renewal Under Law 34
13.4 Your Election Not to Renew 34

ARTICLE 14 35

TERMINATION OF AGREEMENT 35
14.1 Our Termination Rights – No Opportunity to Cure 35
14.2 Our Termination Rights – Opportunity to Cure 36
14.3 Reinstatement and Extension 37
14.4 Cross-Defaults, Non-Exclusive Remedies, etc. 37
14.5 Our Right to Discontinue Services to You 38
14.6 Amendment Pursuant to Applicable Law 38

ARTICLE 15 38

RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION 38
15.1 Payment of Amounts Owed 38
15.2 De-Identification 38
15.3 Confidential Information 39
15.4 Covenant Not to Compete 39
15.5 Our Right to Purchase Franchised Business 39
15.6 Continuing Obligations 40
15.7 Liquidated Damages 40

ARTICLE 16 41

RELATIONSHIP OF THE PARTIES; INDEMNIFICATION 41
16.1 No Fiduciary Relationship 41
16.2 Independent Contractor 41
16.3 Sole and Exclusive Employer of Your Employees 42
16.4 You are Not Authorized 42

ARTICLE 17 43

MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION 43
17.1 Severability and Substitution of Valid Provisions 43
17.2 Waiver of Obligations 43
17.3 Injunctive Relief 44
17.4 Rights of Parties are Cumulative 44
17.5 Costs and Attorneys' Fees 44
17.6 Arbitration 44
17.7 Governing Law 44
17.8 Jurisdiction 45
17.9 Waiver of Punitive Damages 45
17.10 Waiver of Jury Trial 45
17.11 You May Not Withhold Payments 45

17.12 Binding Effect *45*
17.13 Limitations of Claims *45*
17.14 Entire Agreement; Construction *45*
17.15 Withholding Consent *46*
17.16 Step-In Rights – Cause for Step-In *46*
17.17 Step-In Rights – Duties of Parties *46*
17.18 Costs and Legal Fees *46*

ARTICLE 18 47

DEBTS AND TAXES 47
18.1 Taxes *47*
18.2 Payments to Us *47*
18.3 Tax Disputes *47*
18.4 Compliance with Laws *47*
18.5 Notification of Action or Proceeding *47*

ARTICLE 19 48

INDEMNIFICATION 48
19.1 Indemnification by You *48*
19.2 Notification of Action or Claim *48*
19.3 We May Settle *48*
19.4 Losses and Expenses *49*
19.5 Indemnitees Do Not Assume Liability *49*
19.6 Recovery from Third Parties *49*
19.7 Survival of Terms *49*

ARTICLE 20 49

NOTICES AND PAYMENTS 49

ARTICLE 21 50

SECURITY INTERESTS 50
21.1 Collateral *50*
21.2 Indebtedness Secured *50*
21.3 Additional Documents *51*
21.4 Possession of Collateral *51*
21.5 Our Remedies in Event of Default *51*
21.6 Special Filing as Financing Statement *51*

ARTICLE 22 51

ACKNOWLEDGMENTS 51

ATTACHMENTS:

1 – Statement of Ownership Interests in Franchisee/Entity
2 – Site and Designated Territory
3 – Spousal Guaranty
4 – Internet Advertising, Social Media and Telephone Account Agreement
5 – Confidentiality and Non-Competition Agreement
6 – Collateral Assignment of Lease
7 – Electronic Funds Transfer Authorization
8 – Acknowledgment Statement

9 – Addendum for Conversion or Add-on Franchise

FRANCHISE AGREEMENT

THIS AGREEMENT, entered into on ______________________________________, by and between the franchisor Instinct Dog Training Inc., a New York corporation, with its principal address at 181 East 111th Street, New York, New York, 10029 (herein referred to as "Franchisor", "we", "us" or "our"), and ______________________________, a(n) ____, whose principal address is ____________________________________, and _____________________'s principal(s), _________________________, an individual, residing at _________________________________, and __________________, an individual, residing at ________________________ ("Principal(s)"), who shall be collectively referred to in this Agreement as "Franchisee", "you" or "your".

ARTICLE 1
PREAMBLES AND GRANT OF FRANCHISE

1.1 Preambles

1.1.1 We and our affiliate have designed and developed a method of operating a facility offering individual and group dog training, dog boarding services, day school and assorted other services of interest to dog owners (the "Services"). There are two (2) Instinct Dog Behavior & Training models: a "Facility" model where the full and complete line of Services are available, and a "Studio" model that has a limited offering of the Services. The businesses ("Business" or "Franchised Business") have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the "System") includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time.

1.1.2 We and our affiliate have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating Businesses, including the mark "Instinct Dog Behavior & Training", which have gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating Businesses (collectively, the "Marks" or "Proprietary Marks").

1.1.3 We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to own and operate a Business offering the products and services we authorize and using our System.

1.1.4 You have applied for a franchise to own and operate a Business, and we have approved your application relying on all of your representations, warranties and acknowledgments contained in such application and this Agreement.

1.2 Grant of Franchise; Term

1.2.1 Subject to the terms of this Agreement, we grant you a franchise (the "Franchise") to operate as a Business at the "Site" identified on Attachment 2, and to use the Marks and the System in your operation for a term beginning on the date of this Agreement and expiring seven (7) years from the date your Facility or Studio opens to the public, unless sooner terminated as provided herein. You may renew this Agreement as described in Article 13. You shall not provide Services to clients outside of a designated territory ("Designated Territory"), except as described below. You shall not offer or sell any products or services by catalog, direct mail, telephone order, by use of electronic means (e.g., the internet), or in any other medium not approved in writing by us. You are strictly prohibited from selling any products at wholesale.

1.2.2 You may provide off-site training services, as long as these services are provided at locations within your Designated Territory. The exception to this is that if a customer uses your Franchised Business for Services but lives within the designated territory of another franchisee and the customer requests in-home training services from you, you are expected to advise the customer that there is another Business that can provide the in-home training services. If the customer specifically requests that you provide the in-home services, you are allowed to provide these services even though the services are being provided in another franchisee's designated territory.

1.3 Territorial Rights

You will receive the right to establish your Franchised Business at a Site. The Site Location must be accepted by us before you can secure it by lease or purchase agreement. Upon our acceptance of the Site for your Franchised Business, we will describe your Designated Territory in Attachment 2 hereto. The Designated Territory may be described in terms of contiguous ZIP codes, street boundaries, town boundaries or similar boundaries, and may be depicted on a map attached to Attachment 2. Except as limited by Section 1.4 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Business at a location within the Designated Territory during the term of this Agreement.

1.4 Rights Reserved to Us

Except as expressly limited by Section 1.3 above, we and our affiliates retain all rights with respect to Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

1.4.1 the right to offer and sell and to grant others the right to offer and sell the products and services offered at Franchised Businesses, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

1.4.2 the right to operate and to grant others the right to operate Franchised Businesses located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business;

1.4.3 the right to acquire and operate a business operating one or more dog care businesses located or operating in your Designated Territory, but if one of these businesses is located within your Designated Territory, it will not operate using the Marks;

1.4.4 the right to offer and sell products or services through any channel in the Designated Territory other than a dedicated Instinct Dog Behavior & Training Facility or Studio outlet, such as through, veterinarian offices, animal hospitals and/or animal shelters; distribution through larger retail outlets, such as, grocery and department stores; catalog sales, and the internet (including, but not limited to, our social media platforms and applications); and

1.4.5 the right to engage in any other business activities not expressly prohibited by this Agreement, both within and outside your Designated Territory.

1.5 Relocation

You may not relocate your Franchised Business without our consent, which will not be unreasonably withheld. Your new location must be within your Designated Territory. You must pay us a relocation fee as described in Section 2.6 below for our efforts related to reviewing your relocation request, reviewing the proposed new location, and for any legal fees related to modifying this Agreement.

1.6 Forms of Agreement

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

ARTICLE 2
SITE SELECTION AND OPENING OF BUSINESS

2.1 Acceptance of Site and Lease

2.1.1 Within twelve (12) months following the Notification Date (as defined in Section 2.5(a)), you shall provide to us all of the information we require to evaluate the site you propose. We will have thirty (30) days from receipt of all information to accept or not accept your proposed site. We will not unreasonably withhold our acceptance, provided the site meets our minimum requirements. We will not, under any circumstances, accept a home as the site for a Facility or Studio. Our acceptance of a location for your Franchised Business is not a warranty or guarantee that you will be successful at that site. Our acceptance only indicates that the site meets our minimum requirements for a Franchised Business. You acknowledge that in accepting a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics, traffic patterns, ingress and egress, availability of parking, proximity to major roadways, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the exclusivity granted to other franchisees of ours, the site’s size, its appearance (including the amount of outdoor space you will have), and other physical characteristics.

2.1.2 Upon our acceptance of a Site for the Franchised Business, the address of the Site will be inserted on Attachment 2 to this Agreement, together with a description of your Designated Territory.

2.1.3 You hereby acknowledge and agree that our acceptance of the Site or a lease for the Site does not constitute an expressed or implied assurance, representation or warranty of any kind as to the suitability of the site for a Business or for any other purpose. Our acceptance of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of evaluation. We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance or other measures. You further acknowledge and agree that your acceptance of a Franchise for the operation of the Franchised Business at the Site is based on your own independent investigation of the suitability of the Site.

2.1.4 You shall have not more than eighteen (18) months to sign a lease or purchase agreement for your Site. If you are not able to locate an acceptable site within eighteen (18) months after the Notification Date, and provided that you have not started our mandatory initial training program in Phase Two (defined below), we may terminate this Agreement and provide you with a partial refund of the initial franchise fee you paid, as described in Section 3.1 below.

2.1.5 If you elect to purchase the premises for the Franchised Business, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Franchised Business under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Site shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 6, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution. If we do not provide our specific acceptance of the lease, sublease or contract of sale within this ten (10) day period, then it shall be deemed not accepted.

2.2 Build-Out of Site

You shall, at your expense, arrange to have construction plans for the build-out of your Franchised Business according to our standards and specifications. We reserve the right to designate or approve the architect you use to create such construction plans. You must submit to us, for our review and approval, the proposed construction plans for your Franchised Business. You understand and acknowledge that our review of your construction plans is only intended to verify that the plans conform with our specifications for the System and presentation of the Proprietary Marks. Our review is not meant to assess any compliance with applicable laws, ordinances or building codes, which responsibility is solely yours. You may not begin building out your Franchised Business until we have approved of your construction plans. Any changes to such construction plans must also be approved by us.

You must use licensed contractors and subcontractors to build-out the Franchised Business according to the construction plans we have approved. All leasehold improvements must comply with our plans and specifications. You must comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must submit construction plans or build-out plans and specifications to us for our approval before construction of the Franchised Business begins, and you must submit all revised plans and specifications to us for our approval during construction. We reserve the right to inspect your Franchised Business while it is being constructed.

2.3 Operating Assets

You agree to use in developing and operating the Franchised Business only those Operating Assets that we approve in writing from time to time for Businesses as meeting our specifications and standards for quality, design, appearance, function and performance ("Operating Assets"). A list of Operating Assets is included in the Operations Manual and is subject to change from time to time. You agree to place or display at the Site (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing from time to time. If we require, you must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers we designate or approve from time to time (which may include or be limited to us and/or our affiliates). If you desire to use any Operating Asset that we have not yet evaluated, you may submit such Operating Asset for our consideration by following the procedure set forth in Section 8.3.

2.4 Computer System

2.4.1 You agree to use in operating the Franchised Business the computer equipment and software, including operational software and web cams (collectively, the "Computer System"), that we specify from time to time. We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System and/or other technological developments or events may require you to purchase, lease and/or license new or modified equipment, computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System, you agree to incur the costs of obtaining the equipment or the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and to ensure that your Computer System, as modified, is functioning properly.

2.4.2 We will issue to you a unique Instinct Dog Behavior & Training email address for the Franchised Business. You are responsible to continuously monitor the email account during and after business hours. We reserve the right to monitor all email transmissions. Your Instinct Dog Behavior & Training email account is not for personal use. You are restricted from using any other email address to conduct Instinct Dog Behavior & Training related business.

2.4.3 Notwithstanding the fact that you must buy, use and maintain the Computer System under our standards and specifications, you will have sole and complete responsibility (including, without limitation, responsibility for the cost thereof) for: (1) the acquisition, operation, maintenance and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if the system is not properly operated, maintained and upgraded. You agree to maintain, at all times during the term of this Agreement, a high-speed internet connection for your Computer System. We shall have the right, at all times during the term of this Agreement, to access your Computer System (including web cams and video surveillance footage) and to download any information regarding your Franchised Business we deem necessary, including, without limitation, information regarding your sales and your Client Database (as described in Section 6.3). You further agree to maintain a maintenance contract for upgrades to the required operational software.

2.5 Opening

We have a two-phase approach to opening the Franchised Business:

(a) Phase One

During Phase One, you will operate the Franchised Business out of your home while providing limited Services in clients' homes or virtually. With our prior written consent, which shall not be unreasonably withheld, we may allow you to conduct certain Services from a rented space acceptable to us. Phase One is an eighteen (18) month period during which you shall decide which model (Facility or Studio) you will open in Phase Two. You must provide us with written notice to state which model you have chosen before the end of Phase One, our receipt of which shall effectively end Phase One (herein referred to as the "Notification Date").

(b) Phase Two

During Phase Two, you will continue to operate the Franchised Business as in Phase One while you search for a site for your Facility or Studio. You acknowledge that time is of the essence. After you have signed the lease or purchase agreement for the Site, your Facility or Studio must be open for business within twelve (12) months, subject to your compliance with the conditions stated below. You may not open your Facility or Studio for business until: (1) we notify you in writing that all of your development obligations have been fulfilled; (2) pre-opening training of personnel has been completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all required insurance policies and certificates, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in this Agreement have been met; (6) you have ordered, received and installed your fixtures, equipment, furniture, supplies, inventory and

Computer System; and (7) we have approved your Facility or Studio to open. You must be prepared to begin operating your Facility or Studio immediately after we state that it is ready for opening.

If you fail to open your Franchised Business within forty-eight (48) months of the execution of this Agreement, except for delay caused by circumstances outside of your control, we have the right to terminate this Agreement without providing you with a refund of any monies you have paid to us, unless we agree to provide you with an extension of the timeframe to open.

2.6 Relocation

If you are unable to continue the operation of the Franchised Business at the Site because of the occurrence of a force majeure event (as described in Section 17.2.2), then you may request our approval to relocate the Franchised Business to another location in the Designated Territory, which approval shall not be unreasonably withheld. If we elect to grant you the right to relocate the Franchised Business, then you shall comply with the site selection and construction procedures set forth in this Article 2. You shall pay to us a relocation fee in an amount equal to thirty-five percent (35%) of our then-current initial franchise fee for a start-up franchise, which shall be submitted to us together with your request for our approval of your relocation.

ARTICLE 3
FEES

3.1 Initial Franchise Fee

3.1.1 You agree to pay us, upon execution of this Agreement, a nonrecurring initial franchise fee in the amount of Forty Thousand Dollars ($40,000), payable in a lump sum upon execution of this Agreement. The initial franchise fee is fully earned by us when received.

3.1.2 The initial franchise fee is not refundable, except that if you are unable to locate a site acceptable to us and sign a lease or purchase agreement within eighteen (18) months after the Notification Date, and provided you have not started Phase Two of our initial training program, we may terminate this Agreement and refund fifty percent (50%) of the initial franchise fee that you paid. You shall execute any documents we require, including a confidentiality agreement and general release before any money will be refunded to you.

3.2 Royalty Fee

3.2.1 You agree to pay us a royalty fee ("Royalty Fee") equal to the greater of eight percent (8%) of Gross Sales or the minimum Royalty Fee set forth below. During your first eight (8) weeks of operation, you will only pay eight percent (8%) of Gross Sales. Beginning in your ninth (9th) week of operation, the minimum Royalty Fee will become effective. The minimum Royalty Fee is:

Year 1: Seven Hundred Fifty Dollars ($750) per week;
Year 2: Eight Hundred Fifty Dollars ($850) per week;
Year 3: Nine Hundred Fifty Dollars ($950) per week;
Year 4: One Thousand Two Hundred Dollars ($1,200) per week;
Year 5 (and for the remainder of the initial term): One Thousand Four Hundred Dollars ($1,400) per week.

3.2.2 The Royalty Fee is payable to us weekly on Tuesday of each week, or the next business day if any Tuesday is not a business day. You shall provide us with a report of your Gross Sales on Monday of each week with such detail as we shall require. You understand and acknowledge that even though we reserve the right to access your Computer System to download sales information, you must still provide us with the required Gross Sales report.

3.2.3 If you do not report Gross Sales, we may debit your account for the minimum Royalty Fee. If the Royalty Fee we debit is less than the Royalty Fee you actually owe us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify.

3.2.4 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

3.3 Brand Development Fee

Recognizing the value of uniform national and regional advertising and promotion of the System, you, in further consideration of the grant of this license, agree to pay to us, upon thirty (30) days' notice from us that a Brand Development Fund has been established, a non-refundable contribution ("Brand Development Fee") to the Fund (as hereinafter defined) equal to Two Thousand Five Hundred Dollars ($2,500) per month, payable on the first Tuesday of each month in the same manner as the Royalty Fee provided for in Section 3.2 hereof. You understand and acknowledge that we may increase the Brand Development Fee upon sixty (60) days' prior written notice to you, provided that (a) the Brand Development Fee shall not be increased more frequently than annually, and (b) the Brand Development Fee shall not increase by more than ten percent (10%) in any year.

We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Fund does not in any manner diminish or eliminate your obligation to pay the Brand Development Fee.

3.4 Definition of "Gross Sales"

As used in this Agreement, "Gross Sales" shall mean all revenue from the sale of all products and performance of services in association with the Franchised Business, whether for cash or credit and regardless of collection in the case of cash and regardless of collection in the case of credit, and income of every kind and nature related to the Franchised Business; provided, however, that "Gross Sales" shall not include any discounts or refunds provided to customers, or any sales taxes or other taxes collected from clients by you for transmittal to the appropriate taxing authority.

3.5 Electronic Funds Transfer

All Royalty Fees, Brand Development Fees, technology fees, and other fees payable hereunder shall be made via electronic funds transfer or automatic debit of funds ("EFT"), in a method determined by us in our sole discretion. You shall sign and deliver to us any documents required to authorize us to debit your bank account automatically for the Royalty Fee, Brand Development Fee, technology fee, and other amounts due under this Agreement. You agree to make the funds available for withdrawal by electronic transfer before each due date.

3.6 Interest

3.6.1 To encourage prompt and timely payment of the Royalty Fees, Brand Development Fees, technology fees, and other amounts due hereunder, and to cover the costs and expenses involved in handling and processing any payments not received by their due dates you shall also pay, upon demand, interest on any overdue amount equal to the lesser of: (i) one and one-half percent (1.5%) per month; or (ii) the highest rate permitted by law. Interest shall accrue from the date payment was due until the date payment is actually received in full by us. Notwithstanding the foregoing, each failure to pay the Royalty Fees, Brand Development Fees or other payments payable to us when due will be a material breach of this Agreement. The foregoing shall not apply if the lateness is the result of our failure to debit your account in a timely manner.

3.6.2 We reserve the right to notify your credit union or other banking institution that issued a loan or line of credit for the Franchised Business of your failure to make timely payment of any payments to us under this Agreement.

3.6.3 The acceptance of any interest payment by us shall not be construed as a waiver of our rights in respect of the default giving rise to such payment and shall be without prejudice to our right to terminate this Agreement in respect of such default in accordance with the provisions of this Agreement.

3.7 Application of Payments and Right of Set-Off

Notwithstanding any designation by you, we may apply any of your payments to any of your past due indebtedness to us (or our affiliates). We may set-off any amounts you owe us or our affiliates against any amounts we or our affiliates might owe you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement or any other agreement between us (and/or our affiliates) and you.

3.8 Technology Fee

You agree to pay to us a technology fee ("Technology Fee") in an amount equal to One Hundred Thirty Dollars ($130) per month. Such Technology Fee may be used for, among other things, technology and maintenance for integrated software, for benchmarking and reporting tools, and for the required reporting software. The Technology Fee is payable together with the Royalty Fee and Brand Development Fee on the first Tuesday of each month, or the next business day if such day is not a business day. We reserve the right to increase the Technology Fee upon sixty (60) days' written notice to you, provided that (a) the Technology Fee shall not be increased more frequently than annually, and (b) the Technology Fee shall not increase by more than five percent (5%) in any year.

3.9 Insufficient Funds Fee

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to One Hundred Dollars ($100). This fee is in addition to interest on any overdue amount, as described in Section 3.6 above, and any fees charged by our bank or your bank. If you incur three (3) insufficient funds fees within any twelve (12) month period, we may terminate this Agreement without providing you the opportunity to cure the default.

ARTICLE 4
TRAINING AND ASSISTANCE

4.1 Initial and Refresher Training; Opening Assistance

4.1.1 Not later than thirty (30) days before the Franchised Business opens in Phase One, we will provide training for up to two (2) people on the operation of a Business. The initial trainees in Phase One include you (or one (1) of your Principals) and your Director of Behavior and Training. We will provide training at our designated training site (which may include our headquarters, an operating Business and/or another location), or we may allow training to be conducted virtually, in our discretion. In Phase Two, you (or one (1) of your Principals), your Director of Behavior and Training, and your Director of Operations are required to attend and complete the Phase Two portion of the initial training program not later than thirty (30) days before your Facility or Studio is scheduled to open to the public. We reserve the right to require certain trainees to complete remote training before attending our training program in Phase Two. Phase One and Phase Two training sessions will be held at such time and location and for such duration as we designate. We provide this training at no additional fee; however, you must pay all travel and living expenses which you and your trainees incur in connection with such training, including, but not limited to, travel, lodging, meals and applicable wages. If you request that we provide our training program to additional trainees, whether before your Franchised Business opens to the public or while it is operating, you shall pay our then-current training fee for each additional trainee. If you, your Director of Operations and/or your Director of Behavior and Training fail our initial training program, then you, the replacement Director of Operations or replacement Director of Behavior and Training, as applicable, must satisfactorily complete the training before you will be permitted to receive pre-opening assistance and training or open your Franchised Business to the public in Phase Two. You must pay our then-current training fee as well as the additional expenses, including transportation, lodging, food and wages, for attending our training program a second time. If you do not satisfactorily complete our training program a second time, we may terminate this Agreement without providing you with a refund.

4.1.2 In addition to our training program described above, we will provide you with up to seven (7) days of on-site opening assistance around the opening of your Franchised Business to the public in Phase Two, at no additional charge. If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day of assistance provided, and you must reimburse any additional expenses our representative incurs related to travel, lodging and meals. If you are opening your second (or later) Franchised Business, we reserve the right to reduce the amount of on-site opening assistance provided, or to not provide opening assistance. We reserve the right, in our discretion, to split the number of days of opening assistance into multiple visits.

4.1.3 We may offer to you and/or your employees refresher training courses and we may designate that attendance at refresher training is mandatory for you, your Director of Operations and/or your Director of Behavior and Training. You must pay our then-current fee (if any) for such refresher training, and you shall be responsible for the expenses you and/or your employees incur while attending such courses, including travel, lodging, meals and wages.

4.1.4 If, during the term of this Agreement, you hire a replacement for a manager and/or key employee, that person must be approved by us and complete the training program we designate before beginning work. You shall pay our then-current rate for such training if you send such person to us to be trained. You may not provide such training unless we have authorized you to do so. All training fees are due to us before the start of the training session. You are also responsible for all travel, living expenses and wages of all of your trainees in connection with such training. The trainees described in this paragraph must attend a scheduled training session.

4.1.5 In the event you request that we provide additional training or assistance on-site at your Business, or if we determine that you require additional training, you shall pay our then-current per diem fee for such training and you shall reimburse our representative's expenses in connection with such training or assistance, including, but not limited to, travel, lodging and meals.

4.2 Ongoing Guidance

We will advise you regarding the Franchised Business's operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Businesses use; purchasing required Operating Assets and inventory; advertising and marketing programs; employee training, administrative, bookkeeping, and accounting procedures. We will guide you in our Operations Manual, bulletins, or other written materials, emails, during telephone consultations, and/or during consultations at our office or at your Franchised Business. We are not obligated to perform services set forth in this Agreement to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. We do not represent or warrant that any other services will be provided to you, other than as set forth in this Agreement.

4.3 Operations Manual

We will loan to you, to use in operating the Franchised Business during this Agreement's term, one (1) copy (or access to an electronic copy) of our Operations Manual, which might include audiotapes, videotapes, computer disks, compact discs and/or written materials. We may provide the Operations Manual in hard copy format or electronic format, such as USB drive or a password-protected website, and we may release the Operations Manual to you in sections once you have (1) received municipal approvals for the approved Site; (2) closed on any loans for the Franchised Business; and (3) if the Site is being leased, the lease has been signed. You agree to develop and operate the Franchised Business pursuant to this Agreement and the Operations Manual, including all directives, requirements, standards, methods of operations, or systems ("System Standards") and any and all modifications, additions, deletions and changes made to the Operations Manual and System Standards from time to time during the term of this Agreement, however communicated including, but not limited to intranet system, email, fax, video, verbal or mail. You agree to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply at your sole cost. You agree to keep your copy of the Operations Manual current and in a secure location at the Franchised Business. If there is a dispute over the contents of the Operations Manual, the master copy of the Operations Manual at our office controls. The contents of the Operations Manual, as modified, are incorporated herein by reference. You agree that the contents of the Operations Manual are confidential and that you will not disclose the Operations Manual to any person other than Franchised Business employees and/or independent professionals who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

4.4 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

4.5 Franchisee Meetings

We reserve the right to hold a meeting or conference of our franchisees, which will not be held more frequently than annually. We may designate that attendance by you, your Director of Operations and/or your Director of Behavior and Training at the franchisee meeting is mandatory. We may conduct franchisee meetings to discuss sales techniques, bookkeeping, new product developments, new techniques, new service suggestions, accounting, inventory control, performance standards, advertising and promotional programs, and merchandising procedures, and may be used to provide new or refresher training. We may designate the location of the meeting, but we will not designate an unreasonably expensive location. You must pay our then-current per person fee for each person attending the meeting from your Franchised Business, and you are responsible for all expenses incurred by you, your manager and/or any other attendees at the franchisee meeting, including travel, lodging, meals, and applicable wages.

ARTICLE 5
MARKS

5.1 Ownership and Goodwill of Marks

You acknowledge that we are the owner or the licensee of the owner of the Marks, and that any references to our right, title or interest in the Marks in this Article 5 shall include the owner's right, title or interest. You agree that your right to use the Marks is derived only from this Agreement and is limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes on our rights in and to the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use.

5.2 Limitations on Your Use of Marks

The right and license of the Marks granted hereunder to you is non-exclusive. You agree to use the Marks as the sole trade identification of the Franchised Business, provided that you shall identify yourself as the independent owner of the Franchised Business in a manner acceptable to us or as we shall specify, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business or any vehicle you may use in connection with the Franchised Business as we may designate in writing. You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address or search engine on any website; (5) in any other manner we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals. You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or the Franchised Business without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

5.3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge or claim. We may take the action we deem appropriate (including no action) and may control exclusively any settlement, litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

5.4 Discontinuance of Use of Marks

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Franchised Business's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

5.5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided that you have timely notified us of the proceeding, have complied with this Agreement, and comply with our directions in responding to the proceeding. At our option, we may defend and control the defense of any proceeding relating to any Mark. If any action taken by us with respect to any such claim or proceeding results in any monetary recovery for you which exceeds your costs, then the amount of such recovery which exceeds your costs will first be used to reimburse us for our expenses in connection with such action, and any remainder will be distributed to you.

ARTICLE 6
CONFIDENTIAL AND GENERAL INFORMATION

6.1 Confidential Information

We and our affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of Businesses (the "Confidential Information"), which includes, without limitation:

6.1.1 methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating Businesses (including, without limitation, the System Standards);

6.1.2 market research and promotional, marketing and advertising programs for Businesses;

6.1.3 knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, materials, equipment and fixtures that Businesses use;

6.1.4 knowledge of the operating results and financial performance of Businesses other than your Franchised Business;

6.1.5 client communication programs, along with data used or generated in connection with those programs;

6.1.6 the terms of this Agreement;

6.1.7 the Operations Manual;

6.1.8 graphic designs and related intellectual property; and

6.1.9 the Client Database (as described in Section 6.3 below).

6.2 Restriction on Use of Confidential Information

You acknowledge and agree that you will not acquire any interest in the Confidential Information, other than the right to use certain Confidential Information in operating the Franchised Business during this Agreement's term and according to this Agreement's terms and conditions, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees and may violate certain laws. You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you, your Principals, managers, employees and/or independent contractors who have access to it agree, and they do agree, that you and they:

6.2.1 will not use any Confidential Information in any other business or capacity;

6.2.2 will keep the Confidential Information absolutely confidential during and after this Agreement's term;

6.2.3 will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

6.2.4 will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Business personnel and others needing to know such Confidential Information to operate the Franchised Business, and requiring all employees and independent contractors having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to us. We have the right to regulate the form of confidentiality and non-competition agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

You must disclose to us all ideas, techniques, services and products concerning the development and operation of the Franchised Business that you or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of Franchised Business that you or your employees conceive or develop during the term of this Agreement. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval. Such ideas, techniques, services and products will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

"Confidential Information" does not include information, knowledge or know-how which you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Franchised Business. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

6.3 Client Database

You agree that the list of the names, addresses and other information regarding your current clients, former clients, and those who have inquired about the Services (the "Client Database") shall be included in the Confidential Information, shall be our property and shall constitute a trade secret of ours. You agree that you may not disclose the Client Database, or any portion thereof, to any person other than your employees and us either during the term of this Agreement or thereafter. You further agree that a breach of this Section shall be grounds for immediate termination of this Agreement pursuant to Section 14.2. As described in Article 15, the Client Database shall be returned to us upon termination of expiration of this Agreement, and you shall not retain a copy of such Client Database.

6.4 Call Center

We or our affiliate will operate a Call Center for the benefit of all Businesses in the System, and you must use the Call Center. You do not pay a separate fee to support the Call Center, which will be funded (in part) from the Royalty Fees we collect. The Call Center will provide you with assistance with customer prospects and live response by certified trainers, among other assistance.

ARTICLE 7
EXCLUSIVE RELATIONSHIP

You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement's term, neither you, nor any member of your immediate family will:

(a) have any direct or indirect, controlling or non-controlling interest as an owner (whether of record, beneficial or otherwise) in a Competitive Business (defined below), wherever located or operating;

(b) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating; or

(c) divert or attempt to divert any actual or potential business or client of the Franchised Business to a Competitive Business.

The term "Competitive Business" means any business that provides dog training or dog care services, or any business which grants franchises or licenses to others to operate such a business, other than a Business operated under a franchise agreement with us. You also agree that they will not, during the term of this Agreement, operate or otherwise become affiliated with any website involving, referring to, or in any way related to a Competitive Business.

ARTICLE 8
BUSINESS OPERATION AND SYSTEM STANDARDS

8.1 Condition and Appearance of the Franchised Business

You agree that you will not use the Franchised Business or any part of the Site for any business purpose other than operating a Business in compliance with this Agreement, and that you will place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we designate or approve from time to time. You further agree to maintain the condition and appearance of the Franchised Business, its Operating Assets and the Site (including any parking area) in accordance with the System Standards and consistent with the image of a Business as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service. We shall have the right to inspect the Franchised Business with or without advance notice to you as outlined in Article 11 of this Agreement. Therefore, you agree to take, without limitation, the following actions during this Agreement's term at your expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that we may prescribe; (b) interior and exterior repair of the Site as needed; and (c) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

In the event we notify you of any additions, alterations, repairs and replacements required to be made to your Franchised Business or the Site and you fail to make such additions, alterations, repairs and replacements within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Site and make the additions, alterations, repairs and replacements, and you agree to promptly reimburse us for our expenses in so acting.

Notwithstanding the generality of the foregoing, and in addition to periodic technological upgrades and general maintenance of the Franchised Business, we have the right to require you to refurbish, renovate and/or redecorate your Franchised Business to meet our then-current image for new Businesses entering the System, and you agree to incur any expenses related to such refurbishment, renovation and/or redecoration. We agree that we will not make this request more frequently than every five (5) years during this Agreement's term, except that if the Franchise is transferred pursuant to Article 12, we have the right to make this request of the transferee.

8.2 Products and Services the Franchised Business Offers

You agree that you (a) will offer and sell from the Franchised Business only the products and services that we periodically specify; (b) will not offer or sell at the Franchised Business, the Site or any other location any products or services we have not authorized; and (c) will discontinue selling and offering for sale any products or services that we at any time disapprove.

You acknowledge that every detail of the quality of client service, client relations, appearance and demeanor of you and your employees and/or independent contractors, equipment and materials used by you in the Franchised Business is important to us and to other Businesses. We will try to maintain high standards of quality and service by all Businesses. You must cooperate with us by maintaining our high standards in the operation of your Franchised Business and you must give prompt, courteous and efficient service to your clients. All work performed by the Franchised Business will be performed competently and in a workmanlike manner. The Franchised Business will in all dealings with its clients, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct.

If in the event we deem an employee, independent contractor or volunteer at the Franchised Business a threat or danger to the welfare of an animal, customer or employee or whose conduct is a threat to the goodwill associated with the Marks or other Business, we reserve the right to require you to terminate the employee and ban the individual from the premises effective immediately as permitted by law.

8.3 Approved Products, Services, and Suppliers

We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and the products and services that we periodically authorize for use at or in the Franchised Business. During this Agreement's term you must purchase or lease all Operating Assets and other products and services for the Franchised Business only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates). You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

We strictly prohibit any form of solicitation, distribution or display of any materials in the Franchised Business that have not been requested by us, provided for in the Operations Manual or other written communication or expressly approved by us in writing. We reserve the right to withdrawal any approval we provide at any time and for any reason.

Upon our request, or if you want to use any Operating Assets or products that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria. You agree to reimburse our expenses related to evaluating the proposed product or supplier, up to a maximum of One Thousand Dollars ($1,000). We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right periodically to re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria.

You acknowledge, understand and agree that your failure to purchase approved products, or your failure to purchase items from approved suppliers, shall be an event of default under this Agreement.

8.4 Compliance with Laws and Good Business Practices

8.4.1 You must secure and maintain in force throughout this Agreement's term all required licenses, permits and certificates relating to the provision of the Services and Franchised Business' operation, and you shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. The Franchised Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You shall participate in any customer surveys and satisfaction audits which may require you to provide discounted or complimentary products or services, provided that such discounted or complimentary sales shall not be included in the calculation of Gross Sales. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

8.4.2 You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Businesses. We require that your Director of Operations, Director of Behavior and Training, and certain of your employees be certified by specific organizations and associations, as set forth in the Operations Manual. Any certification and/or membership fees will be your sole responsibility.

8.4.3 You must notify us in writing within three (3) business days of: (a) the commencement of any action, suit or proceeding relating to the Franchised Business; (b) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to the Franchised Business (including, without limitation, the revocation or threatened revocation of any license, permit or certification applicable to the Franchised Business); (c) any notice of violation from a governing authority of any law, ordinance or regulation relating to the Franchised Business; and (d) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to the Franchised Business. You must immediately provide to us copies of any documentation you receive of events in (a) through (d) above. If we believe you are not adequately responding to or handling any event listed in (a) through (d), we reserve the right to require you to resolve the matter in a prompt and reasonable manner in accordance with good business practices, we may require you to participate in consultation, issue resolution and/or retraining to address such matters, and we may charge you for such additional assistance or training in accordance with Section 4.1 herein.

8.4.4 You agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you, or any blocking of your assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Article 14.

8.5 Insurance

8.5.1 Prior to opening the Franchised Business for business, you must obtain the following insurance coverage under policies of insurance issued by the insurance carrier(s) that we designate or, if we do not designate a specific insurance carrier, by carriers having an A.M. Best rating of "A" or better:

(a) commercial general liability insurance (including puppy raising services provided in a client's home) with limits of not less than Two Million Dollars ($2,000,000) per occurrence, Four Million Dollars ($4,000,000) aggregate, and including damage to rented premises per occurrence of Three Hundred Thousand Dollars ($300,000), medical expenses per person of Ten Thousand Dollars ($10,000), personal and advertising injury coverage of Two Million Dollars ($2,000,000), products/completed operations aggregate coverage of Four Million Dollars ($4,000,000), and bail coverage of One Thousand Dollars ($1,000);

(b) automobile liability insurance, including non-owned vehicle coverage, of One Million Dollars ($1,000,000) combined single limit per accident;

(c) umbrella liability coverage with limits of not less than Three Million Dollars ($3,000,000) per occurrence and Three Million Dollars ($3,000,000) aggregate, with a Ten Thousand Dollars ($10,000) retention;

(d) employment practices liability insurance with limits of not less than One Million Dollars ($1,000,000) with a Two Thousand Five Hundred Dollar ($2,500) retention;

(e) professional liability insurance with limits of not less than One Million Dollars ($1,000,000) with a Two Thousand Five Hundred Dollar ($2,500) retention;

(f) worker's compensation and disability insurance required the laws of the state where your Franchised Business is located;

(g) any insurance required by the terms of your lease; and

(h) any insurance we may require in the future.

8.5.2 You shall provide us with a certificate of insurance not later than thirty (30) days before your Franchised Business opens showing that you have obtained the required insurance coverages. We reserve the right to require you to provide us with a copy of each insurance policy. We reserve the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. Upon renewal of each policy, you must provide us with an updated certificate of insurance.

8.5.3 We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us and our affiliates (and, if we so request, our and their directors, employees or shareholders) as additional insureds and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy.

8.5.4 If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do that, you agree to fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Franchised Business which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur plus a ten percent (10%) administrative fee.

8.5.5 Your obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Section 8.5.

8.5.6 If you fail or refuse to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Article 8, we will have the right, without waiver of any other remedies, to secure such insurance on your behalf, at your expense as described in Section 8.5.4 above, through agents and insurance companies of our choosing, and to take all other action necessary to protect our interests in this Agreement, or in the alternative, we will have the right to terminate this Franchise Agreement.

8.6 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Franchised Business according to System Standards is essential to preserve the goodwill of the Marks and the goodwill of all Businesses. Therefore, you agree at all times to operate and maintain the Franchised Business according to each and every System Standard, as we periodically modify and supplement them. System Standards may regulate any aspect of the Franchised Business's operation and maintenance, including but not limited to any one or more of the following:

8.6.1 sales, marketing, advertising and promotional programs and materials and media used in these programs;

8.6.2 staffing levels for the Franchised Business and employee and/or independent contractor's qualifications, training, dress and appearance (although you have sole responsibility and authority concerning staff selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions);

8.6.3 use and display of the Marks;

8.6.4 days and hours of operation, subject to applicable law and/or the terms of the Site's lease;

8.6.5 methods of payment that you may accept from clients;

8.6.6 participation in market research and testing and product and service development programs;

8.6.7 bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchise (we will use reasonable efforts to keep such records confidential);

8.6.8 types, amounts, terms and conditions of insurance coverage required for the Franchised Business, including criteria for your insurance carriers; and

8.6.9 any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Businesses.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. Subject to your rights under Section 8.1 relating to alterations to the Franchised Business's appearance, layout and/or design and/or replacement of a material portion of your Operating Assets, you acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System) may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

8.7 Pricing

Where permitted by applicable law, we may provide you written advice regarding the maximum prices which you may charge your customers for products and services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate a profit. You are obligated to inform us of all prices charged for products sold by you and to inform us of any modifications of your prices. We may exercise rights with respect to pricing programs and products to the fullest extent permitted by then-applicable law. These rights may include (without limitation) establishing the maximum retail prices which you may charge customers for the programs or products offered and sold at your Franchised Business; recommending retail prices; advertising specific retail prices for some or all programs, products or sold by your Franchised Business, which prices you agree to observe (sometimes known as "price point advertising campaigns"); engaging in advertising, promotional and related programs which you must participate in and which may directly or indirectly impact your retail prices (such as "buy one, get one free"); and, otherwise mandating, directly or indirectly, the maximum retail prices which your Franchised Business may charge the public for the programs, products and services it offers. We may engage in any such activity at any time throughout the term of this Agreement. Further, we may engage in such activity only in certain geographic areas (towns, cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum or other prices we establish or suggest may or may not optimize the revenues or profitability of your Franchised Business. You entirely waive any and all claims related to our establishment of prices charged at your Franchised Business.

8.8 Management; Certification

8.8.1 You must at all times faithfully, honestly, and diligently perform your contractual obligations. System Standards may regulate the staffing levels and employee qualifications (including required certifications), training, dress, and appearance of the Franchised Business. You understand and acknowledge that the Franchised Business is not a passive investment and that you shall actively participate in the daily operation of your Franchised Business. You acknowledge and agree that you shall have a Director of Operations, a Director of Behavior and Training, and the number of dog trainers needed to satisfy client demand. If you qualify (including meeting our criteria and being in possession of the required certification), you may act as either the Director of Operations or Director of Behavior and Training. If you are not qualified (or we do not permit you) to act as the Director of Behavior and Training, the Director of Behavior and Training that you hire must meet our certification requirements and must have the ownership interest in the Franchised Business that we specify. If you are qualified to and do act as the Director of Behavior and Training, your Director of Operations is not required to have an equity interest in the Franchised Business.

8.8.2 If either of your Director's employment with you is terminated, you must designate a new Director who must be approved by us and successfully complete our initial training program within sixty (60) days after the termination of the previous Director. You must pay our then-current fee for this training and you must pay for your new Director's costs in attending training, including travel, lodging, meals and wages.

8.8.3 Your Director of Operations, Director of Behavior and Training, and each of your dog trainers shall obtain the certifications we require from the agency or association we specify within the timeframes specified in our Operations Manual. You shall ensure that such individuals receive any periodic recertification required by the certifying agency or association. At our request, you shall provide us with proof of the required certification.

8.8.4 You must at all times keep us advised of the identities of your Directors. Each of your Directors and any other employees we designate, must sign our form of confidentiality and non-competition agreement, attached hereto as Attachment 5. We will be a third-party beneficiary of that agreement with the independent right to enforce its terms.

8.9 Customer Satisfaction

We may designate an independent evaluation service to perform quality assurance and customer satisfaction of the services provided by your Franchised Business which may include, without limitation, mystery shops, on-site inspections, customer feedback forms and surveys, etc. You agree that the Franchised Business will participate in such programs, as prescribed and required by us, provided that Businesses owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program.

8.10 Gift Cards; Loyalty Cards

You agree to sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Operations Manual or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Business. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Operations Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Businesses and for making timely payment to us, other operators of Businesses, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by us or other Business operators. We reserve the right to alter the terms and conditions of any Gift Card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs. You shall also issue and honor any loyalty cards that we designate or approve for the System.

8.11 Client Forms and Agreements

We will provide you with our standard client forms and agreements (including, without limitation, liability forms and enrollment forms). You shall submit our standard forms to your attorney for review to ensure that such forms comply with your local laws and regulations. If your attorney recommends any changes to our standard forms, you must submit such changes to us for our review and approval before you may implement such changes. We will notify you within fifteen (15) days after our receipt of the proposed changes whether the changes are approved.

8.12 Client Incidents

In the event there is an incident with any client or their pets, you shall notify us within twenty-four (24) hours of such incident, including the nature of the incident and any steps you have taken, or plan to take, to rectify the incident. We reserve the right to require you to take certain actions, depending on the nature of the incident.

8.13 Motor Vehicles

We recommend, but do not require, that you have a vehicle for your Franchised Business. At a minimum, you must have access to reliable transportation. We anticipate that you will use your personal vehicle to provide services to your clients. Therefore, we do not specify the make or model of any vehicle used to provide services. We expect that each vehicle will meet minimum standards for appearance and reliability. We expect all vehicles to be kept clean and in good working order, including regular maintenance, and each vehicle must display signage as we require. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you or your trainers use.

8.14 Guaranty

If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 3.

ARTICLE 9
ADVERTISING AND MARKETING

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

9.1 Participation in Advertising and Brand Development Programs

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

We may, from time to time, incorporate into the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which your Franchised Business, along with other Franchised Businesses, will be required to offer and sell. This activity, referred to as "cobranding", may involve changes to the Proprietary Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and trade dress of your Franchised Business. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Franchised business at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Royalty Fees, Brand Development Fees or local marketing expenditure obligations under this Agreement.

9.2 Local Marketing

In addition to the Brand Development Fee set forth herein, you shall spend, throughout the term of this Agreement once the grand opening marketing campaign described in Section 9.5 is completed, not less than Three Hundred Dollars ($300) each month on advertising for the Franchised Business in your Designated Territory ("Local Marketing"). With sixty (60) days' prior written notice to you, we may increase your Local Marketing requirement to Five Hundred Dollars ($500) per month. Notwithstanding the foregoing, if your Franchised Business participates in a cooperative, as described in Section 9.8 below, any amount you contribute to the cooperative will count toward your Local Marketing requirement; provided, however, that in the event your contribution to the cooperative is less than your Local Marketing requirement, you shall nevertheless spend the difference locally. Any marketing produced by you or on your behalf may not be used until it has received our prior approval, as described in Section 9.4 below. You shall submit to us, within thirty (30) days of our request, expenditure reports accurately reflecting your Local Marketing expenditures, including verification copies of all advertising and any other information that we require.

9.3 Brand Development Fund

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, you agree that we or our designee shall have the right to establish, maintain and administer a brand development fund (hereinafter referred to as the "Fund") for such national and regional advertising programs as we may deem necessary or appropriate, in our sole discretion, as follows:

9.3.1 We shall direct all national and regional advertising programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. You understand and acknowledge that the Fund is intended to maximize general public recognition and acceptance of the System and the Marks for the benefit of all Businesses operating under the System, and that we undertake no obligation in administering the Fund to ensure that expenditures from the Fund are proportionate or equivalent to your contributions made for your Franchised Business, or that any particular Franchised Business or franchisee benefits directly or pro rata from the placement of any such advertising.

9.3.2 We will direct all programs that the Fund finances, with sole control over the creative concepts, materials and endorsements used and their media placement and allocation. The Fund may pay for preparing and producing advertisements, video, audio and written materials and electronic media; administering internet advertising programs and other digital marketing activities (including using in-house or outside advertising, promotion and marketing agencies and other advisors to provide assistance); supporting public relations, market research and other advertising, promotion and marketing activities; and providing promotional brochures, coupons and other marketing materials to all franchisees of the System. The Fund shall be accounted for separately from our other funds and shall not be used to defray any of our general operating expenses, except for such reasonable administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Fund and its advertising programs, including conducting market research, preparing advertising, promotion and marketing materials, and collecting and accounting for Brand Development Fees. We also may forgive, waive, settle and compromise all claims by or against the Fund.

9.3.3 The Fund may spend in any fiscal year more or less than the total Brand Development Fees paid into the Fund in that year, borrow from us or others to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Development Fees, if any, to pay costs before using the Fund's other assets. Any amounts in the Fund at the end of any year will carry over to the next year. An unaudited statement of the operations of the Fund shall be prepared annually by our accountants and shall be made available to you on your written request. The cost of the statement shall be paid by the Fund. Except as expressly provided in this Section 9.3, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund. We will not use money in the Fund for advertising that is principally a solicitation for the sale of franchises.

9.3.4 Each Business owned by us or our affiliates shall make contributions to the Fund as are required to be contributed by franchisees generally within the System.

9.3.5 Any monies remaining in the Fund at the end of any year will carry over to the next year. Upon thirty (30) days' prior written notice to you, we may at any time defer, reduce, increase or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to all Businesses (whether franchised or operated by us or our affiliates) in proportion to their respective contributions during the preceding twelve (12) month period.

9.3.6 If we elect to terminate the Fund, we may, in our sole discretion, reinstate the Fund at any time. If we so choose to reinstate the Fund, said reinstated Fund shall be operated as described herein.

9.4 Conduct of Marketing; Our Approval

You may only use marketing materials that have been approved by us. We have the right to review and approve or disapprove all marketing and promotional materials that you propose to use. All marketing and promotion by you in any manner or medium shall be conducted in a dignified manner and shall conform to the standards and requirements we specify. For any materials that we have not approved or that have not been approved within the immediately preceding twelve (12) month period, you must submit these materials to us for our review. We will have fifteen (15) days after receipt of the proposed advertising and promotional materials to notify you whether they have been accepted. Unless we provide our specific approval of the proposed materials, they are deemed not approved. You must display the Marks in the manner prescribed by us on all signs and all other advertising and promotional materials you use in connection with the Franchised Business. We reserve the right to require you to include certain language on all advertising to be used locally by you, including "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", and reference to our telephone number and/or website address. All of your marketing must also comply with any applicable laws or regulations.

9.5 Grand Opening Marketing Campaign

In addition to the ongoing marketing expenditures set forth herein, you shall be required to spend between Eighteen Thousand Dollars ($18,000) and Twenty-Five Thousand Dollars ($25,000) on a grand opening marketing campaign to promote the opening of the Business. The grand opening marketing campaign shall be conducted in the ninety (90) day period after the opening of your Franchised Business, unless we designate a different timeframe for the campaign. Your campaign must be pre-approved by us and must include the elements that we require, such as digital marketing efforts. You understand and acknowledge that we have the right to collect Eighteen Thousand Dollars ($18,000) from you and will then conduct the grand opening marketing campaign on your behalf.

9.6 Websites and Social Media

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System. We have established one or more websites accessible through one or more uniform resource locators ("URLs") and we may design and provide for the benefit of your Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business. If we provide a "click through" subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electronic commerce that we establish or maintain, including but not limited to any mobile applications ("apps") that we may introduce, may – in addition to advertising and promoting the products, programs or services available at Businesses – also be devoted in part to offering Instinct Dog Behavior & Training franchises for sale and be used by us to develop the electronic commerce rights which we alone reserve.

In addition to these activities, we have also established an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Instinct Dog Behavior & Training" name or any names confusingly similar to the Marks.

You are not permitted to promote your Franchised Business or use any of the Marks in any manner on any social or networking websites, such as Facebook, Foursquare, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System Standards regarding the use of social media in your Franchised Business' operation, including prohibitions on your and your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Foursquare, Instagram and Snapchat, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

9.7 Advisory Council

We reserve the right to establish an advisory council comprised of franchisees and our representatives. Franchisee participants will be chosen by us based, in part, on their length of time in the System and the performance of their Franchised Businesses. If you are selected to participate on an advisory council, you must pay all expenses you incur related to your participation, such as travel and living expenses to attend council meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to establish, change, merge or dissolve any advisory council at any time. We shall have the right to remove council members in our discretion.

9.8 Marketing Cooperatives

We may, in our discretion, create a regional marketing cooperative ("Cooperative") in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which your Franchised Business is located. In no event may the Franchised Business be required to be a member of more than one (1) Cooperative. The members of the Cooperative for any area will consist of all Instinct Dog Behavior & Training Businesses, whether operated by us, our affiliates or our franchisees. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto in an amount as agreed upon by the Cooperative members. You shall contribute such amounts at the times and in the manner as determined by majority vote of the Cooperative members. Any funds contributed to a Cooperative will be credited against your Local Marketing obligation; provided, however, that if your contributions to a Cooperative are less than your Local Marketing requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

9.8.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

9.8.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members' use in local advertising within the Cooperative's area;

9.8.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

9.8.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for local advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Franchised Business having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Businesses owned;

9.8.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 9.4;

9.8.6 the Cooperative may require its members to periodically contribute to it in such amounts as it determines.

9.8.7 no later than the fifteenth (15th) day of each month, each member/franchisee must submit its contribution under Section 9.8.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

9.8.8 if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

ARTICLE 10
RECORDS, REPORTS AND FINANCIAL STATEMENTS

10.1 Maintenance of Records

10.1.1 You shall maintain throughout the term of this Agreement, and shall preserve for a period of five (5) years after termination or expiration of this Agreement, computer record backups, and other related backups, in the form prescribed by us from time to time in the Operations Manual or otherwise in writing.

10.1.2 You shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete, and accurate books, records, computer record backups and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Operations Manual or otherwise in writing.

10.2 Monthly Reports and Financial Information

You shall submit to us, postmarked no later than the twentieth (20th) day of each month during the term of this Agreement and in addition to the Gross Sales reports required by Article 3 above: (i) a profit and loss statement for operations of the Franchised Business during the preceding calendar month; and (ii) such other data or information as we may require. You understand and acknowledge that our ability to access your Computer System and download financial data regarding your Franchised Business does not in any manner diminish or eliminate your obligation to provide the reports we require under this Agreement or in the Operations Manual.

10.3 Annual Reports

You shall, at your expense, provide to us an annual profit and loss statement and balance sheet, together with a review report prepared by an independent certified public accountant satisfactory to us, not later than April 15th of each year during the term hereof, showing the results of operations of the Franchised Business during the previous calendar year.

10.4 Other Reports Required by Us

You shall also submit to us, for review or auditing, such other forms, reports, records, information, and data as we may reasonably designate, in the form and manner (including electronic telecommunications) and at the time and places reasonably required by us, upon request and as specified from time to time in the Operations Manual or otherwise in writing.

10.5 Our Right to Audit

From the date hereof until five (5) years after the termination of this Agreement, we or our designated agents shall have the right, at all reasonable times, to examine and copy, at our expense, the books, records, and tax returns of the Franchised Business. We shall also have the right at any time to have an independent audit made of the books of the Franchised Business. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that any payments have been understated in any report to us, then you shall immediately upon demand pay to us the amount understated plus applicable late fees and interest as described in Section 3.6. If an inspection or audit discloses an understatement in any payment or an understatement of Gross Sales of two percent (2%) or more, you shall, in addition to paying the understated amount plus applicable late fees and interest, reimburse us for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging, wage expenses and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

10.6 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

10.7 Authorization of Us

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Franchised Business. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

ARTICLE 11
INSPECTIONS

In order to maintain the high quality and uniform standards associated with the System, to protect its goodwill and reputation, and to determine whether you and the Franchised Business are complying with this Agreement and all System Standards, you agree that we and our designated agents and representatives may at all times, with or without prior written notice to you:

(a) enter the Franchised Business and have unlimited and unrestricted access to inspect the Franchised Business;

(b) observe, photograph and videotape the Franchised Business's operation for consecutive or intermittent periods we deem necessary;

(c) interview the Franchised Business's personnel and clients;

(d) inspect and copy any books, records and documents relating to the Franchised Business's operation;

(e) upon any reason we deem necessary, you will arrange for us to have immediate and unrestricted access to the premises and all animals during non-business hours, including holidays, and for as long as we deem necessary; and

(f) remove any and all samples of any products and supplies or remove any and all products, supplies, advertisements, decorations, or any and all other unauthorized items.

You agree to cooperate with us and/or our agents fully. Any costs you incur due to an inspection will be your sole expense. If we exercise any of these rights, you will use your best efforts not to interfere unreasonably with the Franchised Business's operation. Your failure to cooperate with us and our agents will result in termination of this Agreement and any other agreements you have with us as outlined in Section 14.1 of this Agreement. You agree to present to your clients and staff the evaluation forms that we periodically prescribe and to participate and/or request your clients and staff to participate in any surveys performed by or for us. Any feedback, coaching or recommendations given by us to any of the Franchised Business' personnel during any inspection will be informational and non-mandatory.

We shall notify you, if in our judgment as a result of an inspection, the Franchised Business' appearance, equipment, signs or decor does not meet the System Standards and/or the lease requirements for the premises, and we shall provide you with written notification of what actions you must take to correct the deficiency(ies). You shall, within thirty (30) days after receipt of this notice, take all steps needed to correct the deficiency(ies). Additionally, we reserve the right to correct the necessary deficiency(ies) at your expense to ensure compliance with our System Standard and/or the lease or any agreement involving either party. You agree you will reimburse us for any and all costs of any and all modifications made in order to bring the Franchised Business into compliance. In the event you fail three (3) inspections of the Franchised Business in any twelve (12) month period we reserve the right to terminate this Agreement.

ARTICLE 12
TRANSFER

12.1 By Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Instinct Dog Training Inc." as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

12.2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and that we have granted you the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you. Accordingly, neither (i) this Agreement (or any interest in this Agreement), nor (ii) any interest in the ownership of you, the Franchise, the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses), or all or substantially all of the Operating Assets, may be transferred without our prior written approval. A transfer of the Franchised Business's and the Operating Assets' ownership, possession or control may be made only with a transfer of this Agreement. Any transfer without our prior written approval is a breach of this Agreement and has no effect. In this Agreement, the term "transfer" includes your voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events:

12.2.1 transfer of an interest in this Agreement, the Operating Assets or the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law; or

12.2.2 if you die, transfer of an interest in this Agreement, the Operating Assets or the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses) by will, declaration of or transfer in trust, or under the laws of intestate succession; or

12.2.3 pledge of this Agreement (to someone other than us) as security, foreclosure upon the Franchised Business, or your transfer, surrender or loss of the Franchised Business's possession, control or management; or

12.2.4 the transfer of shares, partnership or member interests, or other ownership interests of you; or

12.2.5 merger or consolidation or issuance of additional securities representing ownership interests; or

12.2.6 any sale of ownership interests carrying voting rights of you or any security convertible to voting ownership interests of you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest.

12.3 Conditions for Approval of Transfer

If you are in full compliance with this Agreement, then, subject to the other provisions of this Section, we will not unreasonably withhold our approval of a transfer that meets all the requirements in this Section. Except as described in the previous sentence, all of the following conditions must be met before or concurrently with the effective date of the transfer:

12.3.1 the transferee and its owners must meet our then applicable standards for a Business franchisee;

12.3.2 the transferee has sufficient business experience, aptitude and financial resources to operate the Franchised Business;

12.3.3 you have paid all required Royalty Fees, Brand Development Fees and other amounts owed to us and our affiliates, have submitted all required reports and statements, and are not in violation of any provision of this Agreement or any other agreement with us or our affiliates;

12.3.4 the transferee does not operate, or have an ownership or other interest in or relationship with a Competitive Business or has fully divested all such ownership or other interest in such Competitive Business at least fourteen (14) days prior to transfer, and shall execute an affidavit undertaking to such effect;

12.3.5 the transferee satisfactorily completes our training program at transferee's sole cost and expense, including our then-current fee for providing the training program to transferee;

12.3.6 the transferee and any other persons designated by us sign our then-current form of franchise agreement and related documents, the provisions of which may differ materially from any and all of those contained in this Agreement and the term of which shall be for the remaining term of this Agreement at the time of transfer;

12.3.7 Except in the case of a one-time transfer to a corporate entity formed for the convenience of ownership, you will pay to us, together with your request for our approval of the transfer, a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for a start-up franchise, if the transfer is to an existing franchisee in the System, or seventy-five percent (75%) of our then-current initial franchise fee for a start-up franchise, if the transfer is to a new franchisee for the System;

12.3.8 you sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns;

12.3.9 we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

12.3.10 if we finance any part of the purchase price, you agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalty Fees and other amounts due to us and otherwise to comply with this Agreement;

12.3.11 the landlord of the Franchised Business must consent in writing to the assignment of your lease to the transferee;

12.3.12 the spouse of transferee, if applicable, and any spouse of the owners of the transferee, if applicable, shall execute our Spousal Guaranty;

12.3.13 you agree for two (2) years beginning on the transfer's effective date, not to engage in any of the activities prescribed in Section 15.4 below;

12.3.14 you or the transferee agrees to refurbish, renovate and/or redecorate the Franchised Business according to our then-current standards; and

12.3.15 you will not directly or indirectly at any time or in any manner (except with respect to other Businesses you own and operate pursuant to franchise agreements with us) identify yourself or any business as a current or former Business or as one of our franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with us.

We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Franchised Business.

12.4 Corporation or Limited Liability Company Ownership

If you are an individual or individuals and desire to operate the Franchised Business through a corporation or limited liability company formed by you solely for the convenience of ownership, you must obtain our prior written consent, which shall not be unreasonably withheld if:

12.4.1 you are in full compliance with this Agreement;

12.4.2 the corporation or limited liability company shall conduct no business other than the Franchised Business;

12.4.3 ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement who shall maintain control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests in the same proportional interest as originally owned. Shareholder certificates or other documents representing ownership interests of such legal entity must be endorsed with a legend in form approved by us reciting that the transfer of interests in you is subject to the restrictions of this Agreement;

12.4.4 appropriate forms of corporate resolutions, minutes and/or consents, which have been duly adopted, are furnished to us prior to addition of your corporation or limited liability company as a "franchisee" under this Agreement; and

12.4.5 Principal(s) shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us.

Addition of your entity as a franchisee pursuant to this Section 12.4 may occur one (1) time only without payment of a transfer fee.

12.5 Transfer Upon Death or Disability

Upon your death or disability, your executor, administrator, conservator, guardian or other personal representative must appoint a manager for the Franchised Business who is acceptable to us within sixty (60) days and thereafter transfer your interest in this Agreement, the Operating Assets and the Franchised Business to a third party. That transfer (including, without limitation, transfer by bequest or inheritance) must occur within a reasonable time, not to exceed six (6) months from the date of death or disability and is subject to all of the terms and conditions in this Section. A failure to appoint such a manager or transfer your interest in this Agreement, the Operating Assets and the Franchised Business within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you from supervising the Franchised Business's management and operation for thirty (30) or more consecutive days.

12.6 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business's operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

12.7 Effect of Consent to Transfer

Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Franchised Business's or transferee's prospects of success, or a waiver of any claims we have against you or of our right to demand the transferee's full compliance with this Agreement's terms or conditions.

12.8 Our Right of First Refusal

If you at any time determine to sell or transfer (1) an interest in this Agreement, (2) all or substantially all of the Operating Assets, or (3) the Franchised Business (including the right to receive your portion of the Franchised Business's profits or losses) – except to or among your Owners, as described in Section 12.10 below – you agree to obtain from a responsible and fully disclosed buyer, and send to us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement, the Operating Assets and the Franchised Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) we will have not less than sixty (60) days to prepare for closing after notifying you of our election to purchase; and (4) we must receive, and you agree to make, all customary representations and warranties given by the seller of the assets of a business, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and validity of contracts and the liabilities, contingent or otherwise, relating to the assets being purchased. If we exercise our right of first refusal, you agree that, for two (2) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 below.

If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer's terms, subject to our approval of the transfer as provided in Sections 12.2 and 12.3 above. If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must tell us promptly), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

12.9 Ownership Structure

If you are an entity, you represent and warrant that your ownership structure is as set forth on Attachment 1 hereto and covenant that you will not vary from that ownership structure without our prior written approval.

12.10 Transfer Among Owners

If any person holding a minority interest in you, this Agreement or the Franchised Business transfers such interest, whether to another Owner or to a new Owner, then you shall promptly submit to us a request for our approval of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer, together with payment of One Thousand Five Hundred Dollars ($1,500). Such transferee may not be a competitor of ours. Such transferee will be your Owner and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached hereto as Attachment 5. Notwithstanding the provisions contained in Section 12.3 to the contrary, the Owners may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred. You shall complete and submit to us an updated Attachment 1, as necessary.

ARTICLE 13
GRANT OF A RENEWAL FRANCHISE

13.1 Renewal

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the initial term of this Agreement) to renew the franchise hereunder for an additional term of seven (7) years, if the following conditions are met:

13.1.1 you have been, throughout the initial term or renewal term of this Agreement, as applicable, in substantial compliance, and at the expiration of such initial term or renewal term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

13.1.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

13.1.3 you are able to maintain possession of the Site for the Franchised Business (or at a relocated Site) pursuant to a lease reasonably acceptable to us;

13.1.4 you refurbish, upgrade, and/or renovate your Franchised Business as we require in order that your Franchised Business will meet our then-current standards and image for Businesses;

13.1.5 the landlord of the Site consents to a renewal or extension of the lease;

13.1.6 at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

13.1.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders;

13.1.8 you pay to us a renewal fee equal to Two Thousand Five Hundred Dollars ($2,500); and

13.1.9 you understand and acknowledge that as part of the process of renewing this Agreement, we have the right to re-evaluate your then-existing Designated Territory according to certain demographics, including population. Since your Designated Territory includes a certain minimum population, your Designated Territory under the renewal Franchise Agreement will be modified to accommodate shifts and changes in population. Our intent is to make the target demographics of your renewal Designated Territory similar to the target demographics of your original Designated Territory. A re-evaluation of your Designated Territory may result in your renewal Designated Territory being smaller or larger than your original Designated Territory. We cannot guarantee that you will achieve any particular level of success with the renewal Designated Territory or that your results will be the same as or similar to your results from operating in the original Designated Territory.

13.2 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Site is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

13.3 Renewal Under Law

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the then-current Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

13.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise, together with payment of the renewal fee, within thirty (30) days after we have delivered them to you, or if you provide written notice to us within the final sixty (60) days of the initial term or then-current renewal term, as the case may be, indicating that you do not wish to renew this Agreement.

ARTICLE 14
TERMINATION OF AGREEMENT

14.1 Our Termination Rights – No Opportunity to Cure

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

14.1.1 you or any of your Owners have made or make a material misrepresentation or omission in acquiring the Franchise or operating the Franchised Business;

14.1.2 you fail to find a suitable location for the Franchised Business within the time frame required by Section 2.1, or you fail to open the Franchised Business for business within the time frame required by Section 2.5, subject to any extension we may grant;

14.1.3 you do not satisfactorily complete initial training;

14.1.4 you abandon or fail actively to operate the Franchised Business for three (3) or more consecutive business days without our prior approval, except for in the case of acts of God, war, terrorism and other situations which are beyond your control;

14.1.5 you or an Owner surrender or transfer control of the Franchised Business's operation without our prior written consent;

14.1.6 you or an Owner are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or misdemeanor involving violence, or moral turpitude;

14.1.7 you fail to maintain the insurance we require from time to time and do not correct such failure within ten (10) days after our notice to you;

14.1.8 you interfere with our right to inspect the Franchised Business or observe its operation, as provided in Article 11 of this Agreement;

14.1.9 you or an Owner engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Franchised Business's reputation, the reputation of other Businesses or the goodwill associated with the Marks;

14.1.10 you or an Owner make an unauthorized assignment or transfer of this Agreement, all or substantially all of the Operating Assets, the Franchised Business or the right to receive all or any part of the Franchised Business's profits or losses;

14.1.11 any material licenses, permits or certifications necessary for the Franchised Business's proper operation are revoked or not renewed;

14.1.12 you or an Owner make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information, or disclose all or any part of the Client Database;

14.1.13 you fail to pay when due any federal, state or local income, service, sales or other taxes due on the Franchised Business's operation, unless you are in good faith contesting your liability for these taxes;

14.1.14 you (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us (or our affiliates), or otherwise to comply with this Agreement, whether or not you correct any of these failures after we deliver written notice to you; or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not you correct either of the failures after we deliver written notice to you;

14.1.15 you, or any of your Owners shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or any of your Owners or such a petition is filed against and not opposed by you or such Owner; if you or any of your Owners is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets or any of your Owners or their business or assets is filed and consented to by you or such Owner; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, or the assets or property of any of your Owners, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you or any of your Owners; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you or any of your Owners is dissolved; if execution is levied against your or their business or property; if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

14.1.16 you, your Owners or a member of your or your Owner's immediate family violates the restrictions of Article 7 (Exclusive Relationship) or any other non-compete agreement;

14.1.17 you cause or permit to exist a material default under the lease or sublease for the Site and fail to cure such default within the applicable cure period set forth in the lease or sublease;

14.1.18 you fail to pay us (or our affiliates) any amounts due and do not correct the failure within three (3) business days after we deliver written notice of that failure to you;

14.1.19 your or your Owners' assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if you or your Owners otherwise are in violation of any such law, ordinance or regulation, or any other law, ordinance or regulation applicable to the Business;

14.1.20 you fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you; or

14.1.21 you incur three (3) insufficient funds fees in any twelve (12) month period, or you fail three (3) inspections in any twelve (12) month period.

14.2 Our Termination Rights – Opportunity to Cure

This Agreement shall, at our option, terminate upon notice and your failure to cure within the specified time periods if you:

14.2.1 fail or refuse to make payments of any amounts due us for Royalty Fees or any other amounts due to us or our affiliates, and do not correct such failure or refusal within three (3) business days after written notice of such failure is delivered to you;

14.2.2 fail or refuse to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Operations Manual or otherwise in writing, and do not correct such failure within thirty (30) days or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected; if such failure cannot reasonably be corrected within thirty (30) days after written notice of such failure to comply is delivered to you;

14.2.3 materially misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks and do not correct the misuses or unauthorized use within thirty (30) days of receiving notice;

14.2.4 have any required license, permit or certification suspended and do not reinstate such license, permit or certification in good standing within thirty (30) days of receiving notice;

14.2.5 receive an unreasonable amount of client complaints against your Business alleging a violation of a critical operating standard;

14.2.6 fail to maintain the insurance coverages we require and do not correct such failure within ten (10) days after written notice to you;

14.2.7 fail two (2) inspections, or receive two (2) below average or unsatisfactory mystery shops, of the Franchised Business in any twelve (12) month period; or

14.2.8 fail to comply with certification requirements for your Director of Operations, Director of Behavior and Training, dog trainers, and other personnel as we designate and fail to provide us with proof of required certification within thirty (30) days of our request.

14.3 Reinstatement and Extension

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, we may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.

14.4 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

14.5 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 14, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our website, until such time as you correct the breach, if such breach may be cured under the terms of this Agreement.

14.6 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 15
RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

15.1 Payment of Amounts Owed

You agree to pay, within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine, the amounts due to us or our affiliates which then are unpaid. You understand and acknowledge that we have the right, at our sole option upon notice to you, to change periodically the timing and terms for payment of Royalty Fees, Brand Development Fees, Technology Fees, and other amounts payable to us under this Agreement.

15.2 De-Identification

When this Agreement expires or is terminated for any reason:

15.2.1 you shall not directly or indirectly at any time thereafter or in any manner (except in connection with other Businesses you own and operate): (a) identify yourself or any business as a current or former Business or as one of our franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of a Business in any manner or for any purpose; or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

15.2.2 you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

15.2.3 you agree to deliver to us within thirty (30) days all signs; advertising, marketing and promotional materials; forms; and other materials containing any Mark or otherwise identifying or relating to a Business that we request and allow us, without liability to you or third parties, to remove these items from the Franchised Business;

15.2.4 if we do not exercise an option to purchase the Franchised Business under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify in the Operations Manual (or otherwise) to distinguish the Franchised Business clearly from its former appearance and from other Businesses in order to prevent public confusion;

15.2.5 you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and telephone directory listings associated with any Mark, to authorize the transfer of these numbers and directory listings to us or at our direction, and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. As soon as you obtain any such numbers and listings, you shall sign our form of Internet Advertising, Social Media and Telephone Account Agreement, attached to this Agreement as Attachment 4. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

15.2.6 you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

15.3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of Confidential Information in any business or otherwise and return to us all Confidential Information, including, without limitation, all copies of the Operations Manual, the Client Database, all client records and any confidential materials that we have loaned you, and you shall not retain a copy of any of this Confidential Information.

15.4 Covenant Not to Compete

Upon our termination of this Agreement according to its terms and conditions, upon transfer of this Agreement, or upon expiration of this Agreement without renewal, you agree that, for two (2) years beginning on the effective date of termination, the effective date of transfer, the expiration date or the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4, neither you nor any Owner will have any direct or indirect interest (e.g. through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent in any Competitive Business (as defined in Article 7 above) within the Designated Territory and within fifty (50) miles of any Business in the System.

You and your Owners expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, we in enforcing the covenants made in this Section will not deprive you or your Owners of your or their personal goodwill or ability to earn a living.

15.5 Our Right to Purchase Franchised Business

15.5.1 Exercise of Option. Upon our termination of this Agreement according to its terms and conditions or upon expiration of this Agreement without renewal, we have the option, exercisable by giving you written notice within thirty (30) days after the date of termination or expiration, to purchase any assets of the Franchised Business that we designate. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise.

15.5.2 Purchase Price. The purchase price for the assets we choose to acquire will be their book value, provided that these items will not include any value for the Franchise or any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, and other intellectual property or participation in the network of Businesses. For purposes of determining the book value of all equipment (including the Computer System) used in operating the Franchised Business, the equipment's useful life shall be determined to be no more than three (3) years.

15.5.3 We (or our assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to exercise our purchase option. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Franchised Business's licenses and permits which may be assigned or transferred.

15.5.4 If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our respective shareholders, officers, directors, employees, agents, representatives, successors and assigns. If we exercise our rights under this Section 15.5, you agree that, for two (2) years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 above.

15.6 Continuing Obligations

All of our and your obligations hereunder which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

15.7 Liquidated Damages

15.7.1 If we terminate this Agreement for cause pursuant to Article 14, you must pay us, not later than fifteen (15) days after the effective date of termination, liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is less.

15.7.2 The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

15.7.3 The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 16
RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

16.1 No Fiduciary Relationship

The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, that, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for your Franchised Business does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your Franchised Business, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

16.2 Independent Contractor

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Franchised Business operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Franchised Business premises established for the purposes hereunder or on any vehicle used in the operation of the Franchised Business, and on all letterhead, business cards, forms, and as further described in the Operations Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees. If ever it is asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

16.3 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Instinct Dog Behavior & Training brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to efficiently operate your Franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Business and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

16.4 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of your Owners to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of your Owners or any claim or judgment arising therefrom. It is understood that you may not, without our prior written approval, have any authority to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Unless otherwise explicitly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business.

ARTICLE 17
MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION

17.1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto; otherwise upon your receipt of written notice of non-enforcement thereof from us. If any covenant herein which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless we elect to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. You agree to be bound by any such modification to this Agreement.

17.2 Waiver of Obligations

17.2.1 We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of ours or yours to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Businesses; or our acceptance of any payments due from you after any breach of this Agreement.

17.2.2 Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our respective obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause, except where you are found to have deliberately or by gross negligence been the direct or indirect cause of the calamity. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees, Brand Development Fees, Technology Fees, or other payments due hereunder.

17.3 Injunctive Relief

You explicitly affirm and recognize the unique value and secondary meaning attached to the System and the Proprietary Marks. Accordingly, you agree that any non-compliance by you with the terms of this Agreement, or the Operations Manual, or any unauthorized or improper use of the System or the Proprietary Marks, will cause irreparable damage to us and other Instinct Dog Behavior & Training franchisees. You therefore agree that if you engage in this, or any non-compliance or unauthorized and/or improper use of the System or Proprietary Marks, during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief, without the need of a bond, against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the entry of these temporary and permanent injunctions.

17.4 Rights of Parties are Cumulative

Our and your rights hereunder are cumulative and no exercises or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law to enforce.

17.5 Costs and Attorneys' Fees

If we incur expenses in connection with your failure to pay when due amounts to us or our affiliates, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you shall reimburse us for any such costs and expenses which we incur, including but not limited to reasonable legal, mediators', arbitrators', accounting and related fees.

17.6 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration within the county and state where we maintain our headquarters under the authority of such state's statutes (the "Statutes"). The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

17.7 Governing Law

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et

<u>seq</u>.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of New York, without regard for its conflicts of laws principles.

17.8 Jurisdiction

With respect to actions described in Section 17.3 above and any other actions not subject to arbitration under Section 17.6 above, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in New York County, New York. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

17.9 Waiver of Punitive Damages

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

17.10 Waiver of Jury Trial

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

17.11 You May Not Withhold Payments

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Royalty Fees, Brand Development Fees, Technology Fees, amounts due to us for purchases by you or any other amounts due to us.

17.12 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to our right to modify the Operations Manual, this Agreement shall not be modified except by written agreement signed by you and us.

17.13 Limitations of Claims

Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date you or we knew or should have known of the facts giving rise to such claims.

17.14 Entire Agreement; Construction

The preambles and attachments are a part of this Agreement, which together with the Operations Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. The term "Franchisee" as used herein is applicable to one or more persons, a corporate entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee hereunder, their obligations and liabilities to us shall be joint and several. References to "Franchisee" and "transferee" which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation or partnership. References to "controlling interest" in Franchisee shall mean greater than fifty percent (50%) of the equity or voting control of Franchisee. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any action or request by you, we have the absolute right to refuse any request by you or to withhold our approval of any action by you that requires our approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

17.15 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counterclaim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

17.16 Step-In Rights – Cause for Step-In

If we determine in our sole judgment that the operation of your Franchised Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Franchised Business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Franchised Business; or we determine that operational problems require that we operate your Franchised Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Franchised Business as a going concern.

17.17 Step-In Rights – Duties of Parties

We shall keep in a separate account all monies generated by the operation of your Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives as well as our other expenses incurred in exercising our rights pursuant to Sections 17.16 and 17.17. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. If we temporarily operate the business franchised herein on your behalf, you also agree to pay us the then-current fee for the management and maintenance of the Franchised Business in your absence. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

17.18 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

ARTICLE 18
DEBTS AND TAXES

18.1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 19, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

18.2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

18.3 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon. You understand and acknowledge that if you do not timely pay Taxes to the taxing authorities having jurisdiction over your Franchised Business, we shall have the right (but not the obligation) to pay these Taxes for you. In the event we elect to pay such Taxes, you shall immediately upon demand reimburse our costs, plus a ten percent (10%) administrative fee.

18.4 Compliance 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 Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

18.5 Notification of Action or Proceeding

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE 19
INDEMNIFICATION

19.1 Indemnification by You

You and each of your Owners shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees"), from all "losses and expenses" (as defined in Section 19.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

19.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of your Owners of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other Confidential Information granted hereunder pursuant to Article 6), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure;

19.1.2 The violation, breach or asserted violation or breach by you or any of your Owners of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

19.1.3 Libel, slander or any other form of defamation of us, the System or any franchisee operating under the System, by you or by any of your Owners;

19.1.4 The violation or breach by you or by any of your Owners of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

19.1.5 Acts, errors, or omissions of you, any of your affiliates and any of your Owners and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Franchised Business , including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

19.2 Notification of Action or Claim

You and each of your Owners agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of your Owners, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of your Owners to indemnify the Indemnitees and to hold them harmless.

19.3 We May Settle

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

19.3.1 any of the acts or circumstances enumerated in Section 19.1.1 through 19.1.4 above have occurred; or

19.3.2 any act, error, or omission as described in Section 19.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

19.4 Losses and Expenses

All losses and expenses incurred under this Article 19 shall be chargeable to and paid by you or any of your Owners pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 19, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

19.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of your Owners, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of your Owners shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, your Owners, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

19.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of your Owners. You and each of your Owners agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of your Owners by the Indemnitees.

19.7 Survival of Terms

You and your Owners expressly agree that the terms of this Article 196 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE 20
NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

(a) at the time delivered by hand with confirmation receipt;

(b) with respect to the Royalty Fee, Brand Development Fee, Technology Fee, and other amounts due, at the time we actually debit your account (if we use an electronic funds transfer program for the Franchised Business);

(c) with respect to materials that we post on our intranet or similar electronic site for franchisees, at the time such materials are first accessible at the site; or

(d) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, and signed by the party giving the same and shall be sent to the applicable parties at the addresses set forth in the Introductory Paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party. Notices shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail, return receipt requested, or by facsimile or electronic mail transmission, and shall be effective at the earlier of (i) the time of actual receipt; or (ii) immediately on transmission by facsimile or email transmission; or (iii) one (1) business day after being placed in the hands of a commercial delivery service for overnight delivery; or (iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed.

Either party may change its address for notice purposes by giving the other party written notice, as herein provided, of such change.

ARTICLE 21
SECURITY INTERESTS

21.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the "Collateral".

21.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

21.2.1 All amounts due under this Agreement or otherwise by you;

21.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

21.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

21.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

21.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

21.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

21.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

21.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 22
ACKNOWLEDGMENTS

You acknowledge the truthfulness of the statements contained in Attachment 8 hereto. Your acknowledgments are an inducement for us to enter into this Agreement. You shall immediately notify us, prior to acknowledgment, if any statement in Attachment 8 is incomplete or incorrect.

-Remainder of page intentionally left blank-

The parties have executed and delivered this Agreement effective on the date stated on the first page above.

FRANCHISEE:
____

By:______________________________
Name:_____________________________
Title:______________________________

FRANCHISOR:
INSTINCT DOG TRAINING INC.

By:______________________________
Name:_____________________________
Title:______________________________

PRINCIPALS:

____
Name:_____________________________

____
Name:_____________________________

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT
STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	**Percentage of Ownership**

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT
SITE AND DESIGNATED TERRITORY

1. The Site of the Franchised Business will be located at:

2. The Designated Territory shall be:

FRANCHISEE:
____

By:______________________________
Name:____________________________
Title:_____________________________

FRANCHISOR:
INSTINCT DOG TRAINING INC.

By:______________________________
Name:____________________________
Title:_____________________________

PRINCIPALS:

____
Name:____________________________

____
Name:____________________________

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
<u>SPOUSAL GUARANTY</u>

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on ____ ____________________ (the "Effective Date"), to Instinct Dog Training Inc., a New York corporation ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "Franchise Agreement") with ________________________________ ___________________________, a(n) ____, ____________ ____________________ and ____________________________________(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Article 7 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

____
Signature

Name:____________________________

Address:__________________________
____

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT
INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this ________________________________ (the "Effective Date") by and between Instinct Dog Training Inc., a New York corporation (the "Franchisor"), and __________________________, a __________________ (the "Franchisee").

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Instinct Dog Behavior & Training business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Instinct Dog Behavior & Training brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Web Sites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has internet web sites, social media accounts and other listings: (i) to transfer all of Franchisee's interest in such internet web sites, social media accounts and other listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such internet web sites, social media accounts and other listings, Franchisee will immediately direct the Internet Companies to terminate such internet web sites, social media accounts and other listings or will take such other actions with respect to the internet web sites, social media accounts and other listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's interest in and to the internet web sites, social media accounts and/or other listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the internet web sites, social media accounts and/or other listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:
____

By:_______________________________
Name:_____________________________
Title:______________________________

FRANCHISOR:
INSTINCT DOG TRAINING INC.

By:_______________________________
Name:_____________________________
Title:______________________________

PRINCIPALS:

____
Name:_____________________________

____
Name:_____________________________

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

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

1. Pursuant to a Franchise Agreement dated ______________________________________ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from Instinct Dog Training Inc. (the "Company") to establish and operate a Business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: __________________________ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses, which provides individual and group dog training, dog boarding services, day school and assorted other services of interest to dog owners. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As ________ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

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

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

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same or substantially similar to as any of the products or services offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within fifty (50) miles of the Franchised Business, or fifty (50) miles of any other Franchised Business in the System.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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

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

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

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

[Signatures are on next page]

____
Signature

____
Name

____
Address

____
Title

ACKNOWLEDGED BY FRANCHISEE

____

By:_______________________________
Name:_____________________________
Title:______________________________

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT
<u>COLLATERAL ASSIGNMENT OF LEASE</u>

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Instinct Dog Training Inc., a New York corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as ________________________________. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for an Instinct Dog Behavior & Training business between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:	ASSIGNOR:
INSTINCT DOG TRAINING INC.	______________________________
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:___________________________	Title:___________________________
Date:___________________________	Date:___________________________

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a dog training and kennel business.

Dated:____________________

____

_________________________________, Lessor

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT
<u>ELECTRONIC FUNDS TRANSFER AUTHORIZATION</u>

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO INSTINCT DOG TRAINING INC. ("COMPANY")

Depositor hereby authorizes and requests ____________________________________ (the "Depository") to initiate debit and credit entries to Depositor's ___ checking or ____ savings account (select one) indicated below drawn by and payable to the order of Company by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:____

City:_____________________________ State:_________ Zip Code:____________

Transit/ABA Number:____________________________ Account Number:_________________

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

____

____

____
Date Signed

____

____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 8 TO THE FRANCHISE AGREEMENT
ACKNOWLEDGMENT STATEMENT

You hereby acknowledge the following:

1. You have conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement have been made to you by us and you and any and all Principals hereby waive any claim against us for any business failure you may experience as a franchisee under this Agreement.

2. You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.

3. You agree that no claims of success or failure have been made to you prior to signing this Agreement and that you understand all the terms and conditions of this Agreement. You further acknowledge that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

4. You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth herein. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

5. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

6. You acknowledge that our approval or designation of your territory does not constitute a warranty, recommendation or endorsement of the territory, nor any assurance by us that the operation of the Franchised Business in the territory will be successful or profitable.

7. You acknowledge that you have received the Instinct Dog Behavior & Training Franchise Disclosure Document with a complete copy of this Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

8. You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants and other advisors and that the attorneys for us have not advised or represented you with respect to this Agreement or the relationship thereby created.

9. You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the franchise granted by this Agreement.

10. You are aware of the fact that other present or future franchisees of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.

11. It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Proprietary Marks licensed herein; and it is understood that we do not warrant that such products will not be sold within your Designated Territory by others who may have purchased such products from us.

12. Release of Prior Claims. BY EXECUTING THIS AGREEMENT, YOU AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF YOU AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE INSTINCT DOG TRAINING INC., INSTINCT DOG BEHAVIOR & TRAINING LLC, INSTINCT DOG BEHAVIOR & TRAINING INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Acknowledged this ____________________________________.

PRINCIPALS:	FRANCHISEE:
	________________________________
________________________________ *Signature* Name:___________________________	By:______________________________ Name:___________________________ Title:____________________________
________________________________ *Signature* Name:___________________________	

ATTACHMENT 9 TO THE FRANCHISE AGREEMENT
ADDENDUM FOR A CONVERSION OR ADD-ON FRANCHISE

THIS ADDENDUM dated _________________________________, hereby amends and modifies the Instinct Dog Training Inc. Franchise Agreement dated ____________________________ (the "Franchise Agreement"), by and between Instinct Dog Training Inc., a New York corporation, whose principal business address is 181 East 111th Street, New York, New York, 10029 (hereinafter "Franchisor", "we", "us" or "our"), and ______________________, a(n) ___________________________________, whose principal address is ____, and its Principal(s) _________________, an individual, residing at ______________________, and _________________, an individual, residing at ______________________, who shall be collectively referred to in this Addendum as "Franchisee", "you" or "your".

The parties hereby amend the Franchise Agreement in accordance with the following, in addition to the deletions, additions and modifications (which shall control in the event of any ambiguity between any of them and the terms of the pre-printed form), which appear on the pre-printed form of agreement to which this Addendum is attached. In the event of any conflict or ambiguity between the terms of this Addendum and the Franchise Agreement, the terms of this Addendum shall control.

1. Section 2.5 titled "Opening" shall be amended to provide that in the event you have already located a suitable Site for your Facility or Studio, then we may permit you to skip Phase One, and Phase Two shall be effected upon execution of the Franchise Agreement. Notwithstanding anything to the contrary contained herein, if you skip Phase One, the Facility or Studio must be open to the public within thirty (30) months after execution of the Franchise Agreement. If you fail to do so, except for delay caused by circumstances outside of your control, we have the right to terminate the Franchise Agreement without providing you with a refund of any monies you have paid to us, unless we agree to provide you with an extension of the timeframe to open.

2. Section 3.1.1 shall be amended to reduce the Initial Franchise Fee due upon execution of the Franchise Agreement to Twenty Thousand Dollars ($20,000).

3. Section 8.8 titled "Management; Certification" shall be amended to reflect that if the Franchise Agreement is for an add-on franchise only, with our prior consent you may not be actively involved in the daily operation of the Franchised Business, but you shall be required to make the key decisions regarding the operation of the Franchised Business.

4. Section 9.5 titled "Grand Opening Marketing Campaign" shall be amended to replace each instance of "Eighteen Thousand Dollars ($18,000)" with "Ten Thousand Dollars ($10,000)".

5. If the Franchise Agreement is for a conversion franchise only, Section 15.4 titled "Covenant Not to Compete" shall be deleted in its entirety and shall be placed with "Intentionally Omitted".

The parties hereto have executed this Addendum as of the date first written above.

FRANCHISEE:	FRANCHISOR:
______________________________	INSTINCT DOG TRAINING INC.
By:___________________________	By:___________________________
Name:_________________________	Name:_________________________

Title:______________________________ Title:______________________________

PRINCIPALS:

____
Name:______________________________

____
Name:______________________________

EXHIBIT D TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
(as of October 31, ~~2020~~2021)

CALIFORNIA	
Jessica Wheatcraft 3730 8th Avenue San Diego, California 92103 619-860-0112	
NEW JERSEY	
~~**Franchisee**~~	~~**Address**~~
~~Madra Sona, LLC~~ ~~Suze Cullinan~~ ~~Dr. Emily Levine~~	~~240 Humphrey Street~~ ~~Englewood, New Jersey 07631~~ ~~(201)627-0066~~
Madra Sona, LLC Suze Cullinan/Dr. Emily Levine 240 Humphrey Street Englewood, New Jersey 07631 201-627-0066	
NEW YORK	
Moon Dog Life LLC Megan Coryat/Blossom Coryat 169 Mamaroneck Avenue, 2nd Floor B14 White Plains, New York 10601 914-639-6999	
OREGON	
~~**Franchisee**~~	~~**Address**~~
~~Align Behavior and Training LLC~~ ~~Christopher Pachel~~ ~~Lee Spark Jones~~	~~809 SE Powell Boulevard~~ ~~Portland, Oregon 97202~~ ~~(971)358-8787~~
Align Behavior and Training LLC Christopher Pachel/Lee Spark Jones 809 SE Powell Boulevard Portland, Oregon 97202 971-358-8787	
TENNESSEE	
Beth Strickler/Julie Farris/Ayelet Berger 615-994-8447 *Operating Phase One services in Nashville area*	
TEXAS	
That Dog Magic LLC Dresden Graff 817-482-9994 *Operating Phase One services in Fort Worth area*	

Franchisees who had signed a franchise agreement, but whose outlet had not yet opened as of October 31, ~~2020~~2021:

~~Moon Dog Life LLC~~ ~~Megan Coryat~~ ~~Blossom Coryat~~	~~(646)670-7572~~	~~Tuckahoe, New York~~

None

FRANCHISEES WHO HAVE LEFT THE SYSTEM
(as of October 31, ~~2020~~2021)

~~CALIFORNIA~~	
~~Name/Address/Phone Number~~	
~~Cassandra Pacifico~~ ~~(619)889-9766~~ *~~Terminated 2020 – unit never opened~~*	

None

EXHIBIT E TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF THE OPERATIONS MANUAL

INSTINCT DOG BEHAVIOR & TRAINING FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

Preface for Manual **(9 pages)**

The Manual Organization

The Purpose of this Manual

The Importance of Confidentiality

Keeping the Instinct Dog Behavior & Training Franchise Operations Manual Current

Submitting Suggestions to the Corporate Office

Manual Disclaimer

Manual as an Extension of Legal Documents

A. INTRODUCTION (11 pages)

The Instinct Dog Behavior & Training Mission Statement (A-1)

Welcome Letter from the Founders (A-2)

History of Instinct Dog Behavior & Training (A-3)

Services Provided to the Instinct Dog Behavior & Training Franchisee (A-4)

Responsibilities of the Instinct Dog Behavior & Training Franchisee (A-6)

Visits from the Corporate Office (A-8)

Paying Other Fees (A-10)

B. PRE-OPENING PROCEDURES (27 pages)

Introduction (B-1)

Pre-Opening Checklist (B-2)

Developing Your Site (B-4)

Site Selection Process
Site Selection Criteria
Space Requirements
Lease Considerations
Gaining Zoning Approval

Building-Out the Facility (B-7)

Required List of Equipment (B-9)

Required Hardware and Software (B-11)

Initial Inventory (B-13)

Signage and Logo Specifications (B-16)

Contracting with Required Utilities and Services (B-17)

Obtaining Required Licenses, Certifications, and Permits (B-18)

Certifications (B-19)

Certified Professional Dog Trainer
CPDT-KA
Karen Pryor Academy Certified Training Providers
Certified Dog Behavior Consultant

Setting-Up Bank Accounts (B-21)

Procuring Required Insurance Policies (B-23)

Meeting Your Tax Obligations (B-24)

Conducting a Grand Opening (B-26)

C. HUMAN RESOURCES (40 pages)

Introduction (C-1)

EEOC Guidelines in Hiring Employees (C-2)

Wage and Labor Laws (C-5)

Immigration Reform Act (C-8)

I-9 Form Requirement

Profile of the Ideal Instinct Dog Behavior & Training Employees (C-10)

Required and Recommended Certifications (C-11)

Recruiting Employees (C-12)

The Interview Process (C-14)

Sample Interview Questions
Completing the Interview Report
Testing
Reference Checks
Certification Check

Hiring on a Trial Period (C-18)

Job Descriptions (C-19)

Training Employees (C-24)

Initial Training (for each position)
Ongoing Training/Continuing Education Guidelines (for each position)

Personnel Policies (C-29)

Time-Tracking Procedures (C-33)

Uniform and Dress Code (C-34)

Conducting Performance Evaluations (C-35)

Progressive Discipline Procedures (C-37)

Separation/Termination Procedures (C-39)

D. SALES PROCEDURES (29 pages)

Introduction (D-1)

The Instinct Dog & Behavior Sales Philosophy (D-2)

Receiving Incoming Calls (D-3)

Greeting
Goals of the Call
Questions We Need Answered
Determining a Recommended Consult Type
Setting Up an Initial Consult

Responding to Voicemails & Emails Inquiries (D5)

Target Response Time
Preferred Response Modalities
Goals of the Response
Questions We Need Answered
Determining a Recommended Consult Type
Setting Up an Initial Consult

Handling Walk-Ins (D-7)

Greeting
Goals of Meeting
Questions that Need to Be Answered
Setting Up an Initial Consult

Running Consults (D-8)

Establishing Trust & Competency
Conducting a Functional Assessment for Behavior Issues
Identifying Behavior Issues that are Good Candidates for Board and Train
Identifying Behavior Issues that are Good Candidates for Day School
Identifying Good Candidates for Special Needs Boarding
Identifying Behavior Issues that are Good Candidates for Private Lessons
Identifying Behavior Issues We Cannot Work With
Identifying Good Candidates for Puppy Camp
Matching Dog Needs and Owner Needs to Our Services

Presenting the Instinct Dog Behavior & Training Services (D-15)

Sales Presentation for Board and Train
Sales Presentation for Day School
Sales Presentation for Special Needs Boarding
Sales Presentation for Private Lessons
Sales Presentation for Puppy-Raising
Sales Presentation for Train and Play Classes
Educating the Client
Presenting the Cost
Overcoming Typical Objections
Closing Procedures

Selling Complementary Services (D-25)

Selling the Retail Products (D-27)

Features and Benefits
Competitive Advantages

Follow-Up Procedures (D-28)

E. OPERATING PROCEDURES (97 pages)

Introduction (E-1)

Suggested Hours of Operation (E-2)

Daily Procedures (E-3)

Opening Procedures
Closing Procedures
Daily Schedule
Use of the Daily Checklist
Handling Drop-Offs
Handling Pick-Ups

Customer Service Procedures (E-10)

Customer Service Philosophy
Communicating with Clients
Properly Setting Expectations
Client Retention Techniques
Ratios of Staff to Dogs
Handling Client Complaints
Dealing with Upset Clients
Dealing with Higher-Risk Dogs

Front Desk Procedures (E-17)

Booking Appointments
Scheduling Procedures
Use of Dog Profile
Accepting Payments/Transacting Sales

In-Home Private Instruction (E-21)

Pre-Home Checklist
Required Paperwork
How to Behave in the Home
Daily Schedule
Foundation Exercises for Behavior Type
General Process for Most Common Behavior Issues
Providing Client with Post-Session Feedback

Running Board and Train Camps (E-28)

Pre-Session Checklist
Required Paperwork
Check-In Procedures
Daily Schedule
Foundation Exercises for Behavior Type
General Process for Most Common Behavior Issues
Check-Out Procedures
Providing Client with Post-Session Feedback

Running Day School (E-34)

Pre-Session Checklist
Required Paperwork
Check-In Procedures
Daily Schedule
Suitable activities based on owner goals and staff abilities
Check-Out and Daily Report Card Guidelines
Setting Up and Conducting Owner Sessions

Full-Time Puppy-Raising (E-56)

Scheduling Puppy-Raising Session
Assigning Puppy-Raising Trainer and Helper Dog
Communicating to Client What Expectations Should Be
Conducting Follow-Up Sessions
Daily Routines
Role of Helper Dogs
Basic Care Guidelines and Schedule
Grooming/Bathing Guidelines and Schedule.

Boarding Procedures (E-62)

Accommodations
Required Paperwork
Setting Expectations
Check-In Procedures
Getting Dogs In and Out of Kennels Properly
Overnight Supervision
Basic Care Guidelines and Schedule
Grooming/Bathing Guidelines and Schedule.
Check-Out Procedures

Feeding Pets (E-72)

Products
Timing Feedings
Feeding Schedule and Guidelines
Handling Food Allergies
Handling Prescription Diets

Animal Care Guidelines (E-76)

Philosophy
Medication Schedule and Guidelines
Animal Safety Procedures
Emergency/First Aid Procedures
Sick Dogs
Administering Medication

Retail Procedures (E-86)

Product Knowledge
Merchandising Principles
Planagrams

Required Cleaning and Maintenance (E-88)

Daily Tasks
Cleaning Dog Beds
Weekly Tasks
Monthly Tasks
Quarterly Tasks

Safety and Security Issues (E-93)

Hazard Communication Program
Emergency Procedures/Crisis Management
Blood-Borne Pathogen Program

F. MANAGING THE BUSINESS (25 pages)

Introduction (F-1)

Managing the Client Experience (F-2)

Managing Employees (F-4)

Scheduling Employees
Motivating Employees
Hosting Weekly Meetings

POS and Back Office Software System (F-8)

Determining Pricing Structure (F-10)

Services
Retail

Generating Reports (F-12)

Daily Reports
Weekly Reports
Monthly Reports

Cash Control (F-15)

Reconciling Cash Drawers
Managing Petty Cash
Loss Prevention

Inventory Management (F-18)

Ordering Procedures
Using Designated and Approved Sources of Supply
Receiving Procedures
Conducting Physical Inventory

Franchise Reporting Requirements (F-23)

Royalty Payment
Making Your Advertising Contribution
Financial Statements

G. MARKETING AND PROMOTION (15 pages)

Introduction (G-1)

Instinct Brand Guidelines (G-2)

Messaging
Value Propositions
Imagery

Promoting Instinct Dog Behavior & Training in Your Area (G-5)

Use of Media
Guidelines for Using Instinct Dog Behavior & Training Marks
Using Referrals to Build Business
Networking with Local Veterinarians

Required Advertising Expenditures (G-11)

System-wide Advertising Contribution
Local Advertising Requirement
Grand Opening Advertising Requirement

Public Relations/Community Involvement (G-13)

Obtaining Advertising Approval (G-15)

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement requires binding arbitration. The arbitration will occur in New York with the costs being borne equally by the parties. 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.

7. The Franchise Agreement requires application of the laws of New York. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation 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).

9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. OUR WEBSITE, www.instinctdogtraining.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL

PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dbo.ca.gov.

12. The appropriate sections of the Franchise Agreement are amended to state that the highest interest rate allowed under California law is 10% per annum.

13. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 19 of the Franchise Agreement and Section 19 of the Multi-Unit Development Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of ______________________________.

FRANCHISEE: ____________________	FRANCHISOR:
______________________________	INSTINCT DOG TRAINING INC.
By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Title: ____________________	Title: ____________________

PRINCIPALS:

____
Name: ________________________

____
Name: ________________________

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK, 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for 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.

6. 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.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____________.

FRANCHISEE:
____

By:_______________________________
Name:_____________________________
Title:_____________________________

FRANCHISOR:
INSTINCT DOG TRAINING INC.

By:_______________________________
Name:_____________________________
Title:_____________________________

PRINCIPALS:

____
Name:_____________________________

____
Name:_____________________________

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

INSTINCT DOG TRAINING INC.
GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ________________________ _______, by and between Instinct Dog Training Inc., a New York corporation, having its principal place of business at 181 East 111th Street, New York, New York, 10029 (the "Franchisor"), and __________________, an individual residing at _______________________ OR __________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

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

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

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

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

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

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

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

RELEASOR:

____
(Name)

INSTINCT DOG TRAINING INC.:

By:___________________________
Name:_________________________
Title:__________________________

EXHIBIT H TO THE DISCLOSURE DOCUMENT

PROMISSORY NOTE

$______________________________

FOR VALUE RECEIVED, and intending to be legally bound hereby, the undersigned, ______________________, a ______________________ having a principal address of ______________________, and ______________________, an individual, having a principal address of ______________________ (______________________ and ______________________ collectively referred to as the "Borrower"), promises to pay to the order of Instinct Dog Training Inc., a New York corporation, with an address of 181 East 111th Street, New York, New York, 10029 (the "Lender"), ______________________ Dollars ($______________) ("Loaned Amount") in ________ (__) equal monthly principal installments of ______________________ Dollars ($____________) plus interest at the rate equivalent to [prime plus two percent (2%) per annum] on the unpaid principal balance (as more specifically stated below) with the first installment due and payable on the fifth (5th) day of the month immediately following the commencement of Borrower's Phase One, as that term is defined in that certain franchise agreement executed by and between Borrower and Lender on or about ______________________ (hereafter the "Franchise Agreement"), and the final installment of all unpaid principal and accrued interest due and payable on the fifth (5th) day of the ____________ (____th) month following the commencement of Borrower's Phase One, if not sooner paid, with the privilege of prepaying the unpaid principal balance in whole or in part at any time without penalty. Interest shall be calculated on the basis of a three hundred sixty (360) day year, counting the actual number of days elapsed.

In the event that any monthly payment hereunder shall become overdue for a period of three (3) days, the Borrower shall pay to the Lender a late charge of ten percent (10%) of such payment. Any other payments which may become due under the terms of this Note, including penalties, costs, and attorneys' fees, shall bear interest from the date upon which they become due at the rate of eighteen percent (18%) per annum or the highest rate allowable by law, whichever is lower. Such costs and fees shall become due and payable upon demand by Lender.

Notwithstanding the foregoing, this Note shall become immediately due and payable without further notice or demand upon the occurrence of any Event of Default. Each of the following shall constitute an "Event of Default," whatever the reason for such event and whether or not it shall be voluntary or involuntary, or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or non-governmental body: (a) if the Opening Date does not occur in accordance with the Franchise Agreement, (b) if any payment of principal and/or interest on the Loaned Amount as aforesaid shall not be paid when due, (c) if Borrower shall breach any covenant or default in the performance of any obligation of Borrower under this Note, the security agreement of even date herewith securing the Note ("Security Agreement"), the Franchise Agreement, or any other agreement between Borrower and Lender or Lender's affiliates, (d) if Borrower shall admit to Lender that Borrower is unable to pay their debts as they become due, or shall become insolvent, or shall suspend transaction or operation of their Franchised Business, as that term is defined in the Franchise Agreement; (e) if Borrower enters into any oral and/or written agreement to sell, assign, gift and/or in any way transfer (or if Borrower does sell, assign, gift and/or in any way transfer) any of their interest in the Franchised Business, without Lender's prior written consent; (f) if Borrower shall make an assignment for the benefit of creditors, or files a voluntary petition under the Bankruptcy Code, as amended, or federal or state insolvency law or apply for or consent to the appointment of a receiver, trustee or custodian of all or a part of their property, in each case which shall remain unstayed for thirty (30) days; (g) if an order for relief shall be entered following the filing of an involuntary petition against Borrower under the Bankruptcy Code, as amended, or any other Federal or state insolvency law, or if an order shall be entered appointing a trustee, receiver or custodian of all or part of their property, in each case which shall remain unstayed for thirty (30) days; or (h) if any individual of Borrower dies or becomes permanently incapacitated such that he or she is unable to perform daily functions on behalf of the Franchised Business.

Upon an Event of Default, payment of the entire unpaid balance of the Loaned Amount and all other sums due by Borrower hereunder together with interest accrued thereon at the rate hereinbefore specified, shall at the option of Lender and without further notice to Borrower, become due and payable immediately and payment of the same may be recovered in whole or in part at any time by one or more of the remedies provided to Lender in this Note or by law or at equity; and in such case, Lender may also recover all costs of suit and other expenses in connection therewith, together with reasonable attorney's fees for collection of twenty percent (20%) of the total amount then due by Borrower to Lender.

The remedies of Lender as provided herein shall be joint and several against Borrower, cumulative and concurrent and may be pursued singly, successively or together against Borrower and/or any other obligor under this Note to Lender as security for this Note, at the sole discretion of Lender, and such remedies shall not be exhausted by any exercise thereof but may be exercised as often as occasion therefor shall occur.

Lender shall not by any act of omission or commission be deemed to have waived any of Lender's rights or remedies hereunder unless such waiver be in writing and signed by Lender, and then only to the extent specifically set forth therein; a waiver on one event shall not be construed as continuing or as a bar to or waiver of such right or remedy on a subsequent event.

Borrower hereby waives and releases all errors, defects and imperfections of a procedural nature in any proceedings instituted by Lender under the terms of this Note, as well as all benefits that might accrue to Borrower by virtue of any present or future laws exempting any other property, real or personal, or any part of the proceeds arising from any sale of such property, from attachment, levy or sale under execution, or providing for any stay of execution, exemption from civil process or extension of time for payment, as well as the right of inquisition on any real estate that may be levied upon under a judgment obtained by virtue hereof, and Borrower hereby voluntarily condemns the same and authorizes the entry of such voluntary condemnation on any writ of execution issued thereon, and agrees that such real estate may be sold upon any such writ in whole or in part and in any order desired by Lender.

Except as otherwise provided herein, Borrower and all endorsers, sureties, and guarantors hereof jointly and severally and intending to be legally bound, waive presentment for payment, demand, notice of non-payment, notice of protest, and protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, and they agree that the liability of each of them shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; and Borrower, all endorsers, sureties, and guarantors hereof consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by Lender with respect to the payment or other provisions of this Note, and to the releases of the security for this Note, or any part thereof, with or without substitution, and agree that additional Borrowers, endorsers, guarantors, or sureties may become parties hereto without notice to them or affecting their liability hereunder.

Lender shall have the right to transfer, assign or pledge this Note and the benefits hereunder shall inure to the Lender, Lender's officers, directors, members, personal representatives, successors, and assigns. Borrower may not assign, transfer or pledge this Note without the express prior written consent of Lender. Furthermore, the Borrower's obligations hereunder shall inure to Borrower's heirs, successors and assigns.

The Borrower represents and warrants that the Borrower (a) will not breach or be in default on any agreement, mortgage, loan or credit arrangement by their execution of this Note; and (b) will be bound and obligated under this Note and that this Note constitutes a valid, legal and binding obligation of the Borrower, enforceable by the Lender or its successors and assigns.

All notices hereunder shall be deemed given if hand-delivered or sent by certified mail, return receipt requested or recognized overnight carrier to the parties at the addresses specified above, or at such other addresses as the parties may specify from time to time in writing. Notice shall be deemed received upon delivery if hand-delivered or three (3) days after mailing, if mailed or one (1) day after being placed with an overnight carrier. All rights and obligations under this Note shall extend to and be binding upon the respective heirs, successors and assigns of the Borrower and Lender.

CONFESSION OF JUDGMENT. BORROWER HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR ATTORNEYS OR THE PROTHONOTARY OR CLERK OF ANY COURT OF RECORD IN THE COMMONWEALTH OF PENNSYLVANIA, TO APPEAR FOR BORROWER AT THE SUIT OF LENDER ON THIS NOTE, AND TO CONFESS JUDGMENT AGAINST BORROWER FOR ALL SUMS THEN DUE BY BORROWER TOGETHER WITH COSTS OF SUIT AND ATTORNEYS' FEES FOR COLLECTION. THIS NOTE OR A COPY OF THIS NOTE VERIFIED BY AFFIDAVIT SHALL BE SUFFICIENT WARRANT. THIS WARRANT OF ATTORNEY SHALL BE EFFECTIVE ONLY AFTER (1) AN EVENT OF DEFAULT WHICH REMAINS UNCURED FOR THIRTY (30) DAYS AND (2) LENDER PROVIDES BORROWER WITH TEN (10) DAYS PRIOR WRITTEN NOTICE BEFORE EXCERCISING THE RIGHT TO OBTAIN JUDGMENT BY CONFESSION AGAINST BORROWER.

NEITHER THE RIGHT TO INSTITUTE AN ACTION AT LAW OR EQUITY NOR THE AUTHORITY TO CONFESS JUDGMENT GRANTED HEREIN SHALL BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF, BUT SUCCESSIVE COMPLAINTS MAY BE FILED AND SUCCESSIVE JUDGMENTS MAY BE ENTERED FOR THE AFOREDESCRIBED SUMS AT ANY TIME DURING THE EXISTENCE OF THE WITHIN-EVIDENCED OBLIGATION.

This Note will be governed by and construed in accordance with the laws of the State of New York, except to the extent that the UCC provides for the application for the law of the Borrower's state of residence. Should any one or more provisions of this Note be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

EXECUTED by each Borrower the day and year first above written.

____

By: ____________________
Name: __________________
Title: ___________________

____

Name: __________________

EXHIBIT I TO THE DISCLOSURE DOCUMENT

SECURITY AGREEMENT

THIS AGREEMENT, made as of ____________________, by and between ____________________, a ____________________, having a principal address of ____________________, and ____________________, an individual, having a principal address of ____________________ (____________________ and ____________________ collectively referred to as the "Debtor"), and Instinct Dog Training Inc., a New York corporation, with an address of 181 East 111th Street, New York, New York, 10029 (the "Secured Party").

WHEREAS, Debtor has executed and delivered to Secured Party a promissory note, bearing even date herewith ("Note'"), and

WHEREAS, Secured Party desires to secure the Debtor's payment of all amounts due under the Note and the Debtor's performance of all of their obligations under the Note by taking a security interest in certain of Debtor's property.

NOW, THEREFORE, intending to be legally bound by this Agreement, Debtor and Secured Party mutually covenant and agree as follows:

1. *Security Interest.* Debtor hereby grants and conveys to Secured Party a continuing security interest in and lien upon all Collateral (as hereinafter defined), now owned or hereafter acquired or arising in connection with the Debtor's Franchised Business, as that term is defined in that certain franchise agreement executed by and between Debtor and Secured Party, on or about ____________________ (hereafter the "Franchise Agreement") or otherwise, all in accordance with the provisions of the Uniform Commercial Code as enacted in the state in which the assets secured herein will be located (the "UCC"). Such security interest is granted as security for the payment of all amounts due by the Debtor to Secured Party under the Note and Debtor's performance of all of its obligations under the Note.

2. *Collateral.* For purposes of this Agreement, "Collateral'" is defined to include all computer system hardware and furniture, fixtures, equipment, and inventory, as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing Collateral (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto).

3. *Debtor's Warranties, Representations and Agreements.* The Debtor represents and warrants to Secured Party and agrees that:

(a) Except for the security interest herein granted, Debtor is the owner of the Collateral free from any adverse lien, security interest or encumbrance;

(b) Debtor agrees to keep complete and accurate Books and Records (as used herein, the term "Books and Records" is defined to include all books of original and final entry, records, ledgers, receipts and documentation, including computer programs, software, stored material and data banks associated with or arising out of Debtor's Franchised Business or record keeping) and make all necessary entries therein to reflect the quantities, costs, value and location of the Collateral. Debtor agrees to mark their Books and Records in such fashion as to indicate the security interest granted to Secured Party herein. Debtor will permit Secured Party, its officers, employees and agents, to have access to all of Debtor's Books and Records and any other records pertaining to Debtor's Franchised Business which Secured Party may request, and will cause all persons and services including online accounts, bookkeeping services, accountants and the like, to make all such Books and Records available to Secured Party, its officers, employees and agents and, if deemed necessary by Secured Party in Secured Party's sole discretion, permit Secured Party, its officers, employees and agents to duplicate, at Debtor's expense, the Books and Records at Debtor's place of business or any other place where they may be found. Secured Party's right to inspect and duplicate Debtor's Books and Records will be enforceable at law by action of replevin or by any other appropriate remedy at law or in equity;

(c) The Collateral and Books and Records are, have been and will be kept at the Debtor's address as set forth above;

(d) Debtor shall immediately notify Secured Party in writing of any event causing deterioration, loss or depreciation in value of any of the Collateral and the amount of such loss or depreciation. Debtor shall permit Secured Party, its officers, employees and agents, access to the Collateral at any time and from time to time, as and when requested by Secured Party, for the purposes of examination, inspection and appraisal thereof and verification of Debtor's Books and Records pertaining thereto, and Debtor will pay the expenses of these inspections and audits on Secured Party's request. Debtor will promptly notify Secured Party in writing if there is any change in the status or physical condition of any Collateral. Debtor agrees not to return any Collateral to the supplier thereof without obtaining Secured Party's prior written consent;

(e) Debtor will not sell, exchange, lease, rent or otherwise dispose of any of the Collateral or of any Debtor's rights therein, other than in the ordinary course of Debtor's Franchised Business, without the prior written consent of Secured Party;

(f) Debtor will care for and preserve the Collateral in good condition and repair at all times and will pay the cost of repairs to and maintenance and preservation of the Collateral and will not permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement;

(g) No Event of Default has occurred and no event has occurred which, with the passage of time or the giving of notice or both, could be an Event of Default hereunder;

(h) Debtor will notify the Secured Party in writing prior to beginning to engage in business in any corporate or fictitious name other than its present corporate name;

(i) Debtor will not use the Collateral in violation of any federal, state or local statute or ordinance;

(j) Debtor will comply with each covenant set forth in the Note and the Franchise Agreement;

(k) Debtor will not hereafter grant a security interest in the Collateral to any person, firm or corporation;

(l) If any of the Collateral or any of Debtor's Books and Records are at any time to be located on premises leased by Debtor or on premises owned by Debtor subject to a mortgage or other lien, Debtor shall obtain and deliver or cause to be delivered to Secured Party prior to delivery of any Collateral or Books and Records concerning the Collateral to said premises, an agreement, in form satisfactory to Secured Party, waiving the landlord's, mortgagee's or lienholder's rights to enforce any claim against Debtor for moneys due under the landlord's lien, mortgagee's mortgage or other lien by levy of distraint or other similar proceeding against the Collateral or Debtor's Books and Records and assuring

Secured Party's ability to have access to the Collateral and Debtor's Books and Records in order to exercise Secured Party's rights to take possession thereof and to remove them from such premises;

(m) Debtor will keep the Collateral insured against all hazards in such amounts and by such insurers as are satisfactory to Secured Party, with insurance policies which provide for at least ten (10) days prior written notice to Secured Party of any cancellation or reduction in coverage. Debtor will cause Secured Party's security interest to be endorsed on all policies of insurance in such manner that all payments for losses will be paid to Secured Party as loss-payee and will furnish Secured Party with evidence of such insurance and endorsements. Debtor will keep such insurance in full force and in effect at all times. In the event that Debtor fails to pay any such insurance premiums when due, Secured Party may but is not required to pay such premiums and add the costs thereof to the amounts due Secured Party by Debtor under the Note. Debtor hereby agrees to pay such premiums to Secured Party with interest at the highest rate of interest being charged to Debtor by Secured Party under the Note at the time of payment of such premiums by Secured Party. Debtor hereby assigns to Secured Party any returned or unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Secured Party any amount so due.

4. *Use of Collateral; Casualty.* Until the occurrence of an Event of Default, Debtor may sell and use the Collateral in the ordinary course of its business, consistent with past practices, and accept the return of and repossess goods constituting the Collateral. Immediately upon the loss, damage or destruction of any Collateral, Debtor will deliver to Secured Party an amount equal to the greater of Debtor's (a) actual cost or (b) replacement cost of the Collateral so lost, damaged or destroyed, less the amount of any insurance proceeds thereon anticipated to be collected and retained by Secured Party.

5. *Event of Default.* The occurrence of any one or more of the following will be an “Event of Default” hereunder:

(a) The failure of Debtor at any time to observe or perform any of their warranties, representations or agreements contained in this Agreement or any other agreement between Debtor and Secured Party;

(b) Debtor's default under the terms of the Note;

(c) The subjection of the Collateral or any rights therein to or the threat of any judicial process, condemnation or forfeiture proceedings;

(d) The insolvency of Debtor, the commencement of a voluntary or involuntary case in bankruptcy against Debtor, the consenting of Debtor to the appointment of a receiver or trustee of any of its property or any part thereof, or the entry of any order of relief against Debtor in any case.

6. *Secured Party's Rights and Remedies.* Upon or after the occurrence of any Event of Default, Secured Party may do any or all of the following, all of which rights and remedies shall be cumulative and any and all of which may be exercised from time to time and as often as Secured Party shall deem necessary or desirable:

(a) Exercise any and all rights, privileges and remedies available to Secured Party under this Agreement, the Note and the Franchise Agreement, and under the UCC, or any other applicable law, including without limitation the right to require the Debtor to assemble the Collateral and make it available to Secured Party at a designated place reasonably convenient for disposition;

(b) Notify Debtor's lessees, renters and account debtors to make all payments directly to Secured Party and to surrender, at the termination of any lease of any Collateral, the item or items of Collateral so leased or to pay the sale option price, if any, directly to Secured Party;

(c) Cure any default in any reasonable manner and add the cost of any such cure to the amount due under the Note and accrue interest thereon at the rate then being charged by Secured Party under the Note;

(d) Retain all of Debtor's Books and Records;

(e) Upon five (5) days prior written notice to Debtor, which notice Debtor acknowledges is sufficient, proper and commercially reasonable, Secured Party may sell, lease or otherwise dispose of the Collateral, at any time and from time to time, in whole or in part, at public or private sale, without advertisement or notice of sale, all of which are hereby waived, and apply the proceeds of any such sale:

(i) first, to the expenses of Secured Party in preparing the Collateral for sale, selling and the like, including without limitation reasonable attorneys' fees and expenses incurred by Secured Party (including fees and expenses of any litigation incident to any of the foregoing);

(ii) second, to the payment in full of all sums owing to Secured Party under the Note and the satisfaction of all of the Debtor's obligations under the Note and the Franchise Agreement; and

(iii) any excess shall be paid to Debtor.

The waiver of any Event of Default, or Secured Party's failure to exercise any right or remedy hereunder, shall not be deemed a waiver of any subsequent Event of Default or of the right to exercise that or any other right or remedy available to Secured Party.

7. *Miscellaneous.* The rights and privileges of Secured Party under this Agreement will inure to the benefit of its endorsers, successors and assigns forever and this Agreement shall bind all persons who become bound as a debtor to this Agreement. All representations, warranties and agreements of Debtor contained in this Agreement will survive this Agreement. This Agreement shall be governed by the laws of the State of New York, except to the extent that the UCC provides for the application for the law of the Debtor's state of residence. If any provision of this Agreement will for any reason be held to be invalid or unenforceable, such invalidity or unenforceability will not affect any other provision hereof, but this Agreement will be construed as if such invalid or unenforceable provision had never been contained herein.

Debtor and Secured Party have caused this Security Agreement to be duly executed and sealed as of the day and year first above written.

DEBTOR:

____

By: ______________________
Name: ______________________
Title: ______________________

Name:

SECURED PARTY:
INSTINCT DOG TRAINING INC.

By:
Name:
Title:

EXHIBIT J TO THE DISCLOSURE DOCUMENT

PERSONAL GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on ________________________________ (the "Effective Date") to Instinct Dog Training Inc., a New York corporation ("Lender"), as an inducement to the execution of a certain Note and Security Agreement on or about the Effective Date (the "Note and Security Agreement"). The undersigned hereby, jointly and severally, unconditionally (a) guarantees to Lender, and Lender's successors and assigns, for the term of the Note and Security Agreement, that Borrower, as that term is defined in the Note, shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Note and Security Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Note and Security Agreement. Each of the undersigned waives: (1) acceptance and notice of acceptance by Lender of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of obligations hereby guaranteed; (4) any right to require that an action be brought against Borrower or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which Guarantor be entitled.

Each of the undersigned consents and agrees that: (1) Guarantor's direct and immediate liability under this guaranty shall be joint and several; (2) Guarantor shall render any payment or performance required under the Note and the Security Agreement upon demand if Borrower fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Lender of any remedies against Borrower or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Lender may from time to time grant to Borrower or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Note.

The obligations of the undersigned hereunder are independent of the obligations of Borrower and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against the undersigned whether or not Borrower is joined therein, or a separate action or actions is or are brought against Borrower. Lender may maintain successive actions for other defaults. Lender's rights hereunder shall not be exhausted by Lender's exercise of any of Lender's rights or remedies or by any such action or by any number of successive actions until and unless all obligations hereby guaranteed have been fully performed.

This Guaranty is a present, continuing, absolute and unconditional guaranty and notice of its acceptance is waived.

This Guaranty shall remain in full force and effect until full performance by Borrower pursuant to all of the terms of the Note, at which time this Guaranty and the obligations of the Guarantor hereunder shall cease and determine without any further action by the parties hereto, and Lender shall thereafter promptly return this Guaranty to Guarantor. No provision of this Guaranty or right of Lender hereunder can be waived nor shall the undersigned be released from its obligations hereunder except as set forth in the preceding sentence.

Upon the occurrence and continuation of an Event of Default hereunder, Lender shall have the right to use, and Guarantor hereby grants to Lender a security interest in any funds, securities or other property in its hands belonging to the Guarantor, which funds, securities or other property may be applied by Lender, as Lender shall elect, to secure the obligations of the Guarantor, hereunder and as endorsers of the Note. Guarantor shall execute and file all documents, including financing statements, to confirm the provisions of this paragraph to perfect the security interest herein granted. Guarantor hereby irrevocably appoints Lender, its designees and nominees, as such Guarantor's agents and attorneys-in-fact to execute in such Guarantor's name and to file such documents and instruments.

CONFESSION OF JUDGMENT. GUARANTOR HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY OR ATTORNEYS OR THE PROTHONOTARY OR CLERK OF ANY COURT OF RECORD IN THE STATE OF NEW YORK, TO APPEAR FOR GUARANTOR AT THE SUIT OF LENDER ON THIS GUARANTY, AND TO CONFESS JUDGMENT AGAINST GUARANTOR FOR ALL SUMS THEN DUE BY GUARANTOR TOGETHER WITH COSTS OF SUIT AND ATTORNEYS' FEES FOR COLLECTION. THIS NOTE OR A COPY OF THIS NOTE VERIFIED BY AFFIDAVIT SHALL BE SUFFICIENT WARRANT. THIS WARRANT OF ATTORNEY SHALL BE EFFECTIVE ONLY AFTER (1) AN EVENT OF DEFAULT PURSUANT TO THE NOTE AND SECURITY AGREEMENT WHICH REMAINS UNCURED FOR THIRTY (30) DAYS AND (2) LENDER PROVIDES BORROWER WITH TEN (10) DAYS PRIOR WRITTEN NOTICE BEFORE EXCERCISING THE RIGHT TO OBTAIN JUDGMENT BY CONFESSION AGAINST BORROWER.

NEITHER THE RIGHT TO INSTITUTE AN ACTION AT LAW OR EQUITY NOR THE AUTHORITY TO CONFESS JUDGMENT GRANTED HEREIN SHALL BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF, BUT SUCCESSIVE COMPLAINTS MAY BE FILED AND SUCCESSIVE JUDGMENTS MAY BE ENTERED FOR THE AFOREDESCRIBED SUMS AT ANY TIME DURING THE EXISTENCE OF THE WITHIN-EVIDENCED OBLIGATION.

This agreement will be governed by and construed in accordance with the laws of the State of New York, except to the extent that the UCC provides for the application for the law of the Guarantor's state of residence. Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

This shall be an agreement of suretyship as well as a guaranty and Guarantor agrees that this Guaranty may be enforced by Lender without the necessity at any time of resorting to or exhausting any other security or collateral given in connection herewith or with the Note or the Security Agreement or otherwise and recovery hereunder shall not be limited to such security or collateral.

The undersigned, intending to be legally bound, has executed this Guaranty on the date first above written.

Name: Name:

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	~~April 9, 2021~~*Pending*
Indiana	May 6, 2021, amended *Pending*
New York	January 16, 2018, amended ~~March 25, 2021~~*Pending*
Wisconsin	~~March 29, 2021~~*Pending*

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

~~**EXHIBIT H TO THE DISCLOSURE DOCUMENT**~~

RECEIPTS

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Instinct Dog Training Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this 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. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Instinct Dog Training Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Brian Burton 181 East 111th Street New York, New York 10029 (646)868-8105	Sarah Fraser 181 East 111th Street New York, New York 10029 (646)868-8105

Issuance Date: ~~February 10, 2021~~July 7, 2022

I received a Disclosure Document dated ~~February 10, 2021~~July 7, 2022, that included the following Exhibits:

EXHIBIT A: State Administrators/Agents for Service of Process
EXHIBIT B: Financial Statements
EXHIBIT C: Franchise Agreement with Attachments 1-9
EXHIBIT D: List of Franchisees and Franchisees Who Have Left the System
EXHIBIT E: Table of Contents of the Operations Manual
EXHIBIT F: State Specific Addenda
EXHIBIT G: Form of General Release
~~EXHIBIT E: Table of Contents of the Operations Manual~~
~~EXHIBIT F: State Specific Addenda~~
~~EXHIBIT G: Form of General Release~~
EXHIBIT H: ~~Receipt~~Promissory Note
EXHIBIT I: Security Agreement
EXHIBIT J: Personal Guaranty

Date Received:______________________
(If other than date signed)

Date:________________________________

____
(Signature of recipient)

Print Name:________________________

Print Address:______________________
____

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Instinct Dog Training Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this 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. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Instinct Dog Training Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Brian Burton 181 East 111th Street New York, New York 10029 (646)868-8105	Sarah Fraser 181 East 111th Street New York, New York 10029 (646)868-8105

Issuance Date: ~~February 10,~~ July 7, 2022~~2021~~

I received a Disclosure Document dated ~~February 10,~~ July 7, 2022~~2021~~, that included the following Exhibits:

EXHIBIT A: State Administrators/Agents for Service of Process
EXHIBIT B: Financial Statements
EXHIBIT C: Franchise Agreement with Attachments 1-9
EXHIBIT D: List of Franchisees and Franchisees Who Have Left the System
EXHIBIT E: Table of Contents of the Operations Manual
EXHIBIT F: State Specific Addenda
EXHIBIT G: Form of General Release
~~EXHIBIT E: Table of Contents of the Operations Manual~~
~~EXHIBIT F: State Specific Addenda~~
~~EXHIBIT G: Form of General Release~~
EXHIBIT H: ~~Receipt~~Promissory Note
EXHIBIT I: Security Agreement
EXHIBIT J: Personal Guaranty

Date Received:______________________
(If other than date signed)

Date:______________________________

____
(Signature of recipient)

Print Name:_________________________

Print Address:_______________________
____

Please return signed Receipt to: Instinct Dog Training Inc.
181 East 111th Street
New York, New York 10029