FRANCHISE DISCLOSURE DOCUMENT

Mo'Tail & Spaw Franchising L.L.C.
an Iowa Limited Liability Company
6218 Willowmere Dr, Des Moines, IA 50321
Telephone: 515-371-0719
Email: kyle@pawsandpintsdsm.com
Website: www.Motailandspaw.com

A Mo'Tail & Spaw franchised business offers a wide array of grooming options along with basic and luxury accommodations, so your companion can relax in style while you travel.

The total investment necessary to begin the operation of a Mo'Tail & Spaw Franchised Business is $823,500 to $1,955,000. This includes $64,600 to $125,600 that must be paid to the franchisor and its affiliate(s). The additional total investment necessary to begin the operation of a Mo'Tail & Spaw Area Developer Franchise is $853,500 to $2,075,000. This includes $79,600 to $185,600 that must be paid to franchisor and its affiliate(s). This includes 1 additional franchise on the low end and 4 additional franchises on the high end under the Area Development. You must open at least one additional Mo'Tail & Spaw Franchised Business under an Area Development Agreement. There is no maximum number of additional Mo'Tail & Spaw Franchised Businesses under an Area Development Agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Kyle Casey or Jason Fielder at 6218 Willowmere Dr, Des Moines, IA 50321, and 515-371-0719.

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 contracts 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 20, 2026

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 G.
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 I 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 Mo'Tail & Spaw 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 Mo'Tail & Spaw franchisee?	Item 20 or EXHIBIT G and EXHIBIT H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

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

The Franchisor

To simplify the language in this disclosure document, “Mo'Tail & Spaw Franchising L.L.C.,” “Mo'Tail & Spaw,” “we,” or “us” means Mo'Tail & Spaw Franchising L.L.C., the franchisor. “You” means the business entity that buys the franchise and includes each entity's partner, shareholder, member, or other owners. Mo'Tail & Spaw Franchising L.L.C. is an Iowa Limited Liability Company formed on October 27, 2025. Our principal office is located at 6218 Willowmere Dr, Des Moines, IA 50321. Our agents for service of process are listed in EXHIBIT F.

Predecessors, Parents, and Affiliates

We do not have any parents. We have not had any predecessors during the 10-year period immediately preceding the close of our most recent fiscal year.

Paws & Pints I, LLC, our affiliate, is a non-exclusive supplier of homemade dog treats, jerky, chews, and meals to Mo’Tail & Spaw franchisees.

Our affiliate, Mo'Tail & Spaw I, LLC, has operated businesses, like the Mo'Tail & Spaw franchises described in this disclosure document, since August 2022 at a Paws & Pints location.

Our affiliate, Paws & Pints I, LLC, has operated Paws & Pints since August 2022. We do not have any affiliates, parents, or predecessors that offer franchises in any other line of business.

The Mo'Tail & Spaw marks are owned by our affiliate, PAWS & PINTS I, LLC.

Our Other Business Activities.

We do not conduct business in any other line of business, and we do not offer franchises in any other line of business.We are the exclusive supplier of technology to Mo'Tail & Spaw franchisees. We are the non-exclusive supplier of real estate coordination and site project management services to Mo'Tail & Spaw franchisees.

Our Business and the Franchise Offered

We do business under the name Mo'Tail & Spaw and no other names. A Mo'Tail & Spaw franchised business offers a wide array of grooming options along with basic and luxury accommodations, so your companion can relax in style while you travel. We offer the franchises under the form of a franchise agreement attached to this disclosure document (the “Franchise Agreement”).

As a Mo'Tail & Spaw franchisee, you will use specialized business formats and systems called the “System,” which we may modify, supplement, and update. You will use certain trademarks and other commercial symbols referring to the Mo'Tail & Spaw brand, products, and services, which we call the “Marks.” Mo'Tail

& Spaw Franchised Businesses must provide all and only Mo'Tail & Spaw products and services unless we consent in writing.

If you desire and qualify to develop multiple Mo'Tail & Spaw Franchised Businesses, we offer the opportunity to enter into an Area Development Agreement with us (the "Area Development Agreement"). Under an Area Development Agreement, you are granted the ability to develop multiple Mo'Tail & Spaw Franchised Businesses within a designated area (the "Development Area") per a development schedule specified in the Area Development Agreement (the "Development Schedule"). Our current form of Area Development Agreement is attached as Exhibit "B" to this Disclosure Document.

For each Franchised Business you open, you must sign a then-current form of the Mo'Tail & Spaw Franchise Agreement. For each future unit franchise agreement, you may be required to sign a form of the franchise agreement different from the franchise agreement included in this disclosure document. If you do not open your Franchised Businesses per the Development Schedule, we may terminate the Area Development Agreement, and you will lose the ability to develop other Mo'Tail & Spaw Franchised Businesses under the Area Development Agreement; we may keep the full development fee, which you paid; however, the Franchise Agreements for the Mo'Tail & Spaw Franchised Business already opened will not be terminated, because you did not follow the Development Schedule.

We may continue to develop new products and services, but we are not obligated to do so. If we do develop new products or services, we may offer you the opportunity to provide such products or services, but we are not required to offer you such an opportunity, and if we do, we may require you to take additional training, pay additional fees, sign additional agreements, or meet other requirements.

You have no obligation or right to open any additional Mo'Tail & Spaw Franchised Businesses unless you sign an Area Development Agreement.

Industry-Specific Regulations

In addition to laws governing business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupational Health and Safety Act, your Mo'Tail & Spaw Franchised Business will be subject to and have to comply with regulations that vary from state to state. In Iowa, we are regulated by the Department of Agriculture. Some states have no regulations, and others are regulated by bodies other than their respective departments of agriculture. If we add retail and coffee to the mix, that means various food inspectors might regulate us.

There may also be state and local statutes, regulations, laws, licensure requirements, and ordinances specific to your state or local area. You are responsible for investigating and complying with all laws affecting your Franchised Business.

General Description of the Market and Competition

The market for goods and/or services that the franchised business industry will offer is fairly competitive with competition from local providers and national brands.. The grooming and boarding industry is not seasonal.

The target audience for Mo'Tail & Spaw businesses is dog owners. Dog ownership doesn't discriminate, but dog ownership in up-and-coming areas can mean varying levels of disposable income. Our two biggest

sectors in Iowa are young professionals without kids or putting family off until later or baby boomers / empty nesters who now are looking for additional companionship. As a rule of thumb, roughly 40% of every household has a dog.

Prior Business Experience.

Our affiliate, Mo'Tail & Spaw I, LLC, has operated businesses, like the Mo'Tail & Spaw franchises described in this disclosure document, since August 2022 at a Paws & Pints location. We have never operated the kind of business described in this franchise disclosure document.

We began offering Mo'Tail & Spaw franchises as described in this disclosure document on January 23, 2026.

ITEM 2. BUSINESS EXPERIENCE

Kyle Casey, Chief Executive Officer and Co-Founder

Mr. Casey is and has been our Chief Executive Officer since our inception in October 2025 and Chief Executive Officer for our affiliates, Paws & Pints I, LLC, Mo'Tail & Spaw I, LLC, Sit, Stay, Play LLC, and JKMM LLC, since August 2022, August 2022, August 2022, and February 2021, respectively. Kyle was a Branch Manager at CMG Financial in Des Moines, Iowa from February 2018 through April 2022.

Jason Fielder, Chief Financial Officer and Co-Founder

Mr. Fielder is and has been our Chief Financial Officer since our inception in October 2025 and Chief Financial Officer for our affiliates, Paws & Pints I, LLC, Mo'Tail & Spaw I, LLC, Sit, Stay, Play LLC, and JKMM LLC, since, August 2022, August 2022, August 2022, and February 2021, respectively.

Tim Schoenfelder, Director of Business Development

Mr. Schoenfelder has been our Director of Business Development since our inception in October 2025. He has also been Chief Growth Officer with HydroDog Mobile Grooming since January 2025. Franchisee owner of Zoom Room Dog Training Gym in Overland Park, KS, since March 2021, Small business owner of Heart of America Invisible Fence Brand in Overland Park, KS, since January 2014, Founder and CEO of Easyvet, franchise vet clinics, in Knoxville, TN, from January 2013 to March 2023, and CEO of BarK Membership Dogbar, in Kansas City, MO, from June 2025 to November 2025.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee.

The Mo'Tail & Spaw initial franchise fee is $40,000. The initial franchise fee is uniformly charged for all franchises currently being offered. You must pay the initial franchise fee in full when you sign the franchise agreement. The initial franchise fee is considered fully earned and is nonrefundable.

Area Development Fee.

The Area Development Fee is $30,000 per additional franchise. You must open a minimum of one additional Mo'Tail & Spaw Franchised Business under an Area Development Agreement. Under an Area Development Agreement, there is no maximum number of additional Mo'Tail & Spaw Franchised Businesses. The Area Development Fee depends on the number of additional franchises you purchase. For example, if you purchase one additional franchise, the Area Development Fee will be $30,000 ($79,600 payable upon signing of the area development agreement); if you purchase 4 additional franchises, the Area Development Fee will be $120,000 ($185,600 payable upon signing of the area development agreement). The Initial Franchise Fee for the first franchise and 1/2 of the Initial Area Development Fee upon signing the Area Development Agreement, and 1/2 of the Initial Area Development Fee upon signing of the additional franchise agreement. The Area Development Fee is uniformly charged for all Area Development Agreements currently being offered. The Area Development Fee is considered fully earned and non-refundable upon payment.

Other Initial Fees.

You must pay us a Technology Setup Fee of $2,500 to $3,000 upon signing the Franchise Agreement and Technology Fee of $300 on the Tuesday of each week (or $3,600 for 3 months) for access and use of the Mo'Tail & Spaw system and applications. Before starting your Franchised Business, you must pay $1,500 to $2,000 to Paws & Pints I, LLC for homemade dog treats, jerky, and chews. You pay us a Grand Opening Marketing Fee of $15,000 to 23,000. If you opt to receive our project management service and/or real estate coordination services, you must pay us a Project Management Fee of 25,000 to $40,000 and a Real Estate Coordination Fee of $10,000. The amount charged for this Start-up Package, technology, Grand Opening Marketing, Real Estate Coordination Fee, and the Project Management Fee is uniformly charged to all franchisees and is nonrefundable.

Discounts.

Veterans Discount

We offer a 15% discount on the Initial Franchise Fee to honorably discharged U.S. military veterans as an appreciation and financial incentive.

Employee Discount

We offer a 15% discount on the Initial Franchise Fee to Mo'Tail & Spaw employees who meet our then-current qualifications for prospective franchisees.

Franchisee Discount

We offer a 25% discount on the Initial Franchise Fee to qualifying Mo'Tail & Spaw franchisees. To qualify, the franchisee must not be in default of their franchise agreement(s) or any other agreement between the franchisee and the franchisor or the franchisor's affiliates, and the franchisee must meet our then-current qualifications for prospective franchisees.

Conversion Discount

We offer a 50% discount on the Initial Franchise Fee to exist grooming and boarding business owners who meet our then-current qualifications for prospective franchisees.

We reserve the option to discount initial fees, discontinue discount(s) offers at any time, or offer new discounts in the future.

The initial fees are not refundable under any circumstances. Except as explained and listed above, the Initial fees are uniformly calculated for all Franchised Businesses currently being offered.

ITEM 6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee[1]	6% of Gross Revenues[2] each week after opening ("Standard Royalty") and when open 6 full calendar months, Standard Royalty or $750 ("Minimum Royalty"), whichever is greater, each and every week thereafter	Tuesday of each week	Royalty Fees are payable by electronic funds transfer, credit card transaction (3% charge for credit card transactions).

Name of Fee	Amount	Due Date	Remarks
National Advertising Contributions	2% of Gross Revenues or $300 per week, whichever is greater	Tuesday of each week	National Advertising Contributions are contributions to the National Advertising Fund payable by electronic funds transfer, credit card transaction (3% charge for credit card transactions).
Local Advertising	Up to 2% of Gross Revenues	As incurred	It is suggested that you spend this amount locally to promote your Franchised Business.
Regional Advertising Cooperative[3]	Up to 2% of Gross Revenues	As incurred	The Cooperative determines the amount, but it will not exceed this amount.
Technology Fee[4]	Technology Setup Fee of $2,500 to $3,000 and $300 per week	Upon signing the Franchise Agreement and on Tuesday of each week	This amount is paid to us for access and use of the Mo'Tail & Spaw system and applications.
Project Management Fee	$40,000	As incurred	This amount is paid to us for oversight and management of your Site build-out.
Real Estate Coordination Fee	$10,000	Upon signing the Franchise Agreement	This amount is paid to us for our work with real estate brokers and other persons.
Launch Marketing Package	$15,000 to $23,000	90 days open before the opening of the Franchise Business	This amount is paid to us for Grand Opening Marketing press releases, email campaigns, and online advertisements

Name of Fee	Amount	Due Date	Remarks
Marketing Tactics Fee[5]	$3,500 to $12,665 per month	As incurred	If you opt to receive Marketing Tactics service from us.
On-Site Evaluation	Our reasonable expenses include, without limitation, travel, lodging, wages, and meals.	After an on-site evaluation	If we deem an on-site evaluation necessary, we, at no charge, will conduct up to two on-site evaluations or one on-site evaluation if this is not your first Mo'Tail & Spaw Franchised Business.
Late Fees	$150 + 5%	Upon demand	A late fee must be paid on any payment to us that is more than 5 days late.
Interest	18% per annum	Upon demand	In addition to the Late Fee, interest is assessed on any payment to us that is more than 30 days late. The interest accrues from the date the payment was due.
Insurance[6]	Amount of premium paid by Mo'Tail & Spaw Franchising L.L.C. plus 20%	Upon demand	If you do not purchase insurance coverage as required, you must reimburse us for this amount to secure insurance coverage.
Delinquent Report Submission	$10 per day	Upon demand	If you fail to submit a report to us by more than 5 days late from when it was due, you must pay us this amount.

Name of Fee	Amount	Due Date	Remarks
Additional Training and Conventions[7]	$75 per hour-1 hour minimum per day, plus travel expenses for additional onsite support; $400 per attendee of additional training, national conventions, and for new or replacement managers to attend the initial training	Upon your registration for the training or convention	You must pay the current training fee for training and support beyond the initial training and National Conventions.
Refurbishment and Remodeling	Cost of Refurbishment and Remodeling	At the time of Refurbishment and Remodeling, not more than every 3 to 5 years	You shall refurbish the Franchised Business at its own expense to conform to the trade dress, color schemes, and presentation of the Marks in a manner consistent with the image then in effect for the new Mo'Tail & Spaw Franchised Business under the System.
Transfer Fee[8]	$20,000	Upon Franchisee's request for consent to the proposed transfer of franchise or Area Development Agreement	A transfer includes any sale, assignment, conveyance, giving away, pledging, mortgaging, or otherwise encumbering any interest in ownership in the Franchised Business, Franchise Agreement, or Area Development assets outside of the ordinary course of business or ownership rights. The Transfer Fee is non-refundable
Renewal Franchise Fee	$20,000	At least 9 months before the expiration of the franchise	To renew your franchise, you must pay this fee and meet the conditions listed in the Franchise Agreement.

Name of Fee	Amount	Due Date	Remarks
Interim Franchise Royalty Fees	Franchisor's then-current Royalty Fee plus 2%	Tuesday of each week when applicable	An Interim Franchise Fee applies if your Franchise Agreement expires, no renewal franchise agreement is signed, and you continue the franchise business operation.
Relocation Fee	Reimbursement of Franchisor's costs and expenses incurred for reviewing or approving the relocation	When applicable	If you relocate your franchise business, you must reimburse us for the costs and expenses we incur with your relocation.
Supplier Approval	Reimbursement of costs and expenses Franchisor incurs in approving a supplier	When applicable	If you want us to approve a supplier for the purchase of a designated product or service other than the supplier we designate, we may require that you reimburse us for the costs and expenses we incur in approving the supplier.
Step-In Right Expenses[9]	5% of Gross Revenues	As incurred	If you are absent, ill, or unable to operate the Franchised Business or fail to pay taxes or required amounts, or the Franchised Business is having a significant negative impact on the Mo'Tail & Spaw System, we may step-in, and you must reimburse us for our costs and expenses.
Audit	All costs of inspection and audit	Upon demand	You must reimburse us for audit expenses if the audit is initiated due to your non-compliance with the terms herein or the Operating Manual or if an inspection

Name of Fee	Amount	Due Date	Remarks
			reveals an understatement of Gross Revenues by 3% or more.
System Standard Violation	All costs of inspection and audit	Upon demand	If you fail to adhere to the System Standards, you must reimburse us for any and all costs and expenses associated with counsel, inspection, support, secret shopper costs, assistance, and enforcement rendered to and against Franchisee regarding said System Standards violation and/or non-compliance.
Cost of Enforcement	Actual cost, including attorney fees	Upon demand	If we prevail, you must reimburse us for all costs to enforce obligations under the Franchise Agreement.
Indemnification	Actual cost, including attorney fees	Upon demand	You must defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business.
Sales/Use Taxes[10]	The amount of federal, state, and local taxes levied on the Royalty Fees, National Advertising Contributions, and other monies paid to Franchisor	Payable with your Royalty Fee and National Advertising Contributions payments	You must pay any state or local sales or use tax that may be assessed on fees paid to us.

Notes:

[1] If you do timely report your Gross Revenues to Franchisor for any reporting period, then we shall be authorized to debit your account in an amount equal to 125% of the Royalty Fees and other fees and amounts payable by you for the last reporting period for which a statement of operations was received

from Franchisee or alternatively in our discretion, we shall be authorized to debit Franchisee's account an amount in accordance with the financial information automatically generated from the Franchised Business's accounting or software application

[2]"Gross Revenues" means any and all money and other consideration you receive in connection with the ownership or operation of your Franchised Business and from the sale of any authorized products and services or from the sale of any goods or services under the Marks. Gross Revenues do not include tips collected from customers and paid to employees, or sales or excise taxes that are separately stated and that you are required to collect from customers and pay to a governmental taxing authority.

[3] For each Mo'Tail & Spaw business operated by us or our affiliates in a geographical area for which a Cooperative has been established, we will make a Cooperative Contribution on the same basis as assessments required of comparable franchises that are members of the same Cooperative. If outlets owned by us have the controlling voting power, Cooperative Contribution will not exceed Up to 2% of Gross Revenues

[4] We may increase the Technology Fee upon 30 days written notice to you. The Technology Fee shall not increase more than 10% annually for any of our proprietary software or applications. For any third-party software fee that we collect, Technology Fee shall not exceed 10% of the actual cost of those fees and expenses.

[5] We may increase the Marketing Tactics Fee upon 30 days written notice to you. The Marketing Tactic Fee shall not increase more than 10% annually.

[6] You must purchase insurance in the following amounts and coverage: (a) General Liability in the amount of $1,000,000 per occurrence and $2,000,000 aggregate; (b) Automobile Insurance in the amount of $1,000,000; (c) Errors and Omissions Insurance in the amount of $100,000; (d) Property Insurance in an amount sufficient to replace the equipment, the Franchised Business Site if any, and personal property upon loss or damage; (e) Business Interruption Insurance in the amount of $100,000; (f) Theft Insurance in the amount of $50,000; (g) Building Insurance in an amount sufficient to replace the Franchise Premises; and (h) Umbrella Liability Insurance in the amount of $1,000,000. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

The insurance will not be limited in any way because of any insurance we maintain. Failure to maintain the required insurance will not diminish your liability to us under the indemnities in the franchise agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

Your insurance policies must insure us, you, and our respective affiliates, subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, product liability, personal injury, death, or property damage that may accrue due to your operation of your Business. Your

insurance policies will include a separate endorsement naming us and our affiliates as additional named insureds. You are required to submit an insurance certificate to our office annually.

[7] We provide a tuition-free initial Mo'Tail & Spaw training program that includes orientation to the Mo'Tail & Spaw system; customer service; operational management; financial management; computer software use; advertising and marketing; and reporting procedures. The training lasts up to 4 weeks or less depending on your existing experience level. We provide on-site assistance at our then-current rate listed in the table above. We offer Initial Franchise Training. We may provide additional training programs at reasonable times and at locations selected by us during the term of the Franchise Agreement. We will host national conventions at times and locations selected by us. You must attend the national convention. We may require attendance at other additional training programs. You must pay for all travel, lodging, and other costs of attending training and the national convention.

[8] The Transfer Fee is subject to State law.

[9] We may step in to operate your Business if we deem it necessary to prevent any interruption or harm to Your Business or to the Mo'Tail & Spaw System. Reasons may include our determination that you: are incapable of operating the franchise; are absent or incapacitated because of illness or death; have failed to pay when due any taxes or assessments against the franchise or property used in connection with the franchise; have failed to pay when due any liens or encumbrances of every kind placed upon or against your business property; or we decide that operational problems require us to operate the franchise for a time. All revenue derived from our operation of Franchised Business will be credited to a separate account for your benefit, but we may pay from that account all expenses, debts, and liabilities that we incur during our operation of Franchised Business.

[10] The royalties or other fees you pay to us may be entirely or partially subject to state or local sales or use tax, depending upon the laws in your state. If we are required to pay these taxes in your state, you must add the tax to what you pay us.

All fees are nonrefundable and uniformly imposed on all new franchisees. Some franchisees under future versions of our franchise agreement or by negotiated agreements may be obligated to pay more, less, or different fees than listed here.

ITEM 7. ESTIMATED INITIAL INVESTMENT

HOTEL AND SPA FRANCHISED BUSINESS

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee[1]	$40,000	Lump-sum via Check or Wire	Upon Signing the Franchise Agreement	Us
Project Management Fee[2]	$25,000 to $40,000	As incurred	Before Beginning Operations	Us, our affiliates, architects, suppliers, or vendors
Leasehold Improvements	$250,000 to $900,000	As incurred	Before Beginning Operations	Lessor or Contractors
Real Estate/Rent[3]	$35,000 to $75,000	As incurred	Before Beginning Operations	Lessor and us
Utility Deposits[4]	$0 to $5,000	As incurred	Before Beginning Operations	Utilities
General Furniture/ Fixtures[5]	$25,000 to $75,000	As incurred	Before Beginning Operations	Suppliers
Kenneling System[6]	$150,000 to $250,000	As incurred	Before Beginning Operations	Suppliers
Grooming Equipment[7]	$25,000 to $50,000	As incurred	Before Beginning Operations	Us, Affiliates, and/or Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Pet Transport Setup (buildout only)[8]	$15,000 to $40,000	As incurred	Before Beginning Operations	Suppliers
Initial Inventory[9]	$7,500 to $15,000	As incurred	Before Beginning Operations	Suppliers
Retail Initial Stock	$20,000 to $30,000	As incurred	Before Beginning Operations	Vendor and Suppliers
Coffee shop initial Setup[10]	$0 to $17,500	As incurred	Before Beginning Operations	Vendor and Suppliers
Insurance[11]	$2,500 to $12,500	As incurred	Before Beginning Operations	Insurance Companies
Signage[12]	$7,500 to $15,000	As incurred	Before Beginning Operations	Suppliers
Office Equipment & Supplies[13]	$2,500 to $7,500	As incurred	Before Beginning Operations	Suppliers
Computer Equipment (Hardware, Software, POS System, etc.)[14]	$15,000 to $25,000	As incurred	Before Beginning Operations	Suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Pre-Opening Expenses[15]	$10,000 to	$15,000	As incurred	Before Beginning Operations	Us and/or Suppliers
Daycare/Lodging Equipment & Camera System[16]	$25,000 to	$75,000	As incurred	Before Beginning Operations	Us and/or Suppliers
Training[17]	$5,000 to	$10,000	As incurred	Before Beginning Operations	Airlines, Hotels, and other Suppliers
Licenses & Permits[18]	$1,000 to	$5,000	As incurred	Before Beginning Operations	Licensing Authorities
Legal & Accounting[19]	$2,500 to	$12,500	As incurred	Before Beginning Operations	Attorney, Accountant
Grand Opening Advertising[20]	$10,000 to	$15,000	As incurred	Before opening and during the first 3 months of operation	Us
Additional Funds – three months[21]	$150,000 to	$225,000	As incurred	As Necessary	Us, Vendors, Lessor, Etc.
TOTAL	$823,500 to	$1,955,000			

Notes:

[1] The initial franchise fee is considered fully earned and is nonrefundable.

[2] * The Project Management fee is nonrefundable.

[3] The site for your Franchised Business is a Hotel and Spa, which is a 10,000 to 15,000 square feet, standalone building or space within a shopping center or industrial area, conveniently located off a major road or highway or freeway, with good visibility, close to residential, and near an airport or travel hub. The upper estimate is based on an assumption that you will have to pay a higher security deposit in addition to rent, and the lower estimate is based on a lower security deposit. A security deposit is typically due upon signing the lease and is retained for the duration of the lease. Some lessors may refund the security deposit if you cancel the lease before you occupy the site. You must pay us a Real Estate Coordination Fee of $10,000 Upon signing the Franchise Agreement. This amount is paid to us for our work with real estate brokers and other persons and is nonrefundable.

[4] If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas, and water. A deposit is typically due before service and is typically retained for the duration of service. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information.

[5] You must purchase the General Furniture/Fixtures in accordance with Mo'Tail & Spaw standards and specifications. We do not know if the amounts you pay for the General Furniture/Fixtures are refundable. Factors determining whether the General Furniture/Fixtures is refundable typically include the condition of the items, level of use, length of time of possession, and other variables.

[6] You must purchase the Kenneling System in accordance with Mo'Tail & Spaw standards and specifications. We do not know if the amounts you pay for the Kenneling System are refundable. Factors determining whether the Kenneling System is refundable typically include the condition of the items, level of use, length of time of possession, and other variables.

[7] You must purchase the Grooming Equipment in accordance with Mo'Tail & Spaw standards and specifications. We do not know if the amounts you pay for the Grooming Equipment are refundable. Factors determining whether the Grooming Equipment is refundable typically include the condition of the items, level of use, length of time of possession, and other variables.

[8] You must purchase the Pet Transport Setup in accordance with Mo'Tail & Spaw standards and specifications. This amount is for buildout only. We do not know if the amounts you pay for the Pet Transport Setup are refundable. Factors determining whether the Pet Transport Setup is refundable typically include whether the buildout has commenced or been modified.

[9] You must purchase an initial inventory for your Business. The money you pay for inventory items may not be refundable, depending on the purchase arrangements. Factors determining whether inventory is refundable typically include the condition of the items at the time of return, the level of use, and the length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. Before starting your Franchised Business, you must pay $1,500 to $2,000 to Paws & Pints I, LLC for homemade dog treats, jerky, and chews. You pay us a Grand Opening Marketing Fee of

$15,000 to 23,000. If you opt to receive our project management service and/or real estate coordination services, you must pay us a Project Management Fee of 25,000 to $40,000 and a Real Estate Coordination Fee of $10,000. The amount charged for this Start-up Package, technology, Grand Opening Marketing, Real Estate Coordination Fee, and the Project Management Fee is uniformly charged to all franchisees and is nonrefundable.

[10] You may but are not required to have a coffee shop. The lower end of the range reflects not having a coffee shop at you Franchised Business Site. The monies you pay for the Coffee Shop Setup are generally not refundable.

[11] You must purchase insurance in the following amounts and coverage: (a) General Liability in the amount of $1,000,000 per occurrence and $2,000,000 aggregate; (b) Automobile Insurance in the amount of $1,000,000; (c) Errors and Omissions Insurance in the amount of $100,000; (d) Property Insurance in an amount sufficient to replace the equipment, the Franchised Business Site if any, and personal property upon loss or damage; (e) Business Interruption Insurance in the amount of $100,000; (f) Theft Insurance in the amount of $50,000; (g) Building Insurance in an amount sufficient to replace the Franchise Premises; and (h) Umbrella Liability Insurance in the amount of $1,000,000. The insurance cost range reflects 3 months of coverage. The amounts you pay for insurance are typically non-refundable. You should inquire about the insurance carrier's or agent's cancellation and refund policy at or before the time of purchase.

The insurance will not be limited in any way because of any insurance we maintain. Failure to maintain the required insurance will not diminish your liability to us under the indemnities in the franchise agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

Your insurance policies must insure us, you, and our respective affiliates, subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, product liability, personal injury, death, or property damage that may accrue due to your operation of your Business. Your policies of insurance will contain a separate endorsement naming us and our affiliates as additional named insureds. You are required to submit an insurance certificate to our office annually.

[12] This range includes the cost of all signage used in your Business. The signage requirements and costs will vary based on the size and location of the Site, local zoning and landlord requirements, and local installation wage rates. The amounts you pay for signage are typically non-refundable. You should inquire about the suppliers' return and refund policies at or before the time of purchase. We must approve all signage before you order it.

[13] You must purchase general office supplies, including stationery, business cards, and typical office equipment. Factors that may affect your cost of office equipment and supplies include market conditions, competition amongst suppliers, and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at the time of return, the level of use, and the length

of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

[14] You must purchase the computer equipment, hardware, and software necessary for operating the franchise. We currently require you to have and use RunLoyal, iTrust Ventures, M&S white-labeled app that is the same technology that will handle POS, scheduling, and appointments, staffing schedules, etc., G-Suite for email, Collar System, Canva, iDog Cam, Apple computers, Nest Cam.

We do not know if the amounts you pay for the computer equipment may be refundable. The amounts you pay for computer equipment are typically non-refundable, or if refundable, may be subject to a "restocking" fee. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing. You must use the POS system that we designate.

[15] Included in this estimate are expenses related to pre-opening payroll, cleaning and preparation, telephone and other communication expenses, and electricity. Monies paid for pre-opening payroll, cleaning and preparation, telephone and other communication expenses, and electricity are typically not refundable.

[16] You must purchase the Daycare/Lodging Equipment & Camera System in accordance with Mo'Tail & Spaw standards and specifications. We do not know if the amounts you pay for the Kenneling System are refundable. Factors determining whether the Daycare/Lodging Equipment & Camera System is refundable typically include the condition of the items, level of use, length of time of possession, if the system was installed, and other variables..

[17] The cost of initial training for you and your Franchised Business Designated Manager, franchisee owners, and key roles is included in the Initial Franchise Fee. The amount in the table above reflects your travel and stay expenses during the initial training. You must pay us additional tuition for additional trainees beyond you and your designee at our then-current rate, which is currently $400 per training, per person, and $75 per hour-1 hour minimum per day, plus travel expenses for onsite training. Monies paid for travel may be refundable if you have purchased travel insurance or by the policy of the hotel or airline. You should contact the airline or hotel for more information.

[18] State and local government agencies typically charge fees for occupancy permits operating licenses, health department licenses, and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the agencies' cancellation and refund policies at or before the time of payment.

[19] You will need to employ an attorney, an accountant, and other consultants to assist you in establishing your franchise. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants, and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant, or consultant at or before the time of hiring.

[20] This is the required amount that you spend on advertising upon opening. Before starting your Franchised Business, you must pay $1,500 to $2,000 to Paws & Pints I, LLC for homemade dog treats, jerky, and chews. You pay us a Grand Opening Marketing Fee of $15,000 to 23,000. If you opt to receive our project management service and/or real estate coordination services, you must pay us a Project Management Fee

of 25,000 to $40,000 and a Real Estate Coordination Fee of $10,000. The amount charged for this Start-up Package, technology, Grand Opening Marketing, Real Estate Coordination Fee, and the Project Management Fee is uniformly charged to all franchisees and is nonrefundable.

[21] We recommend that you have a minimum amount of money available to cover operating expenses, including additional inventory, supplies, professional fees, and employees' salaries for the 3 months for working capital when commencing operation of the Franchised Business and at all times during the tenure of your Franchised Business operations. The predominant factors for calculating the 3-month estimate are amounts paid for employee wages and inventory. These expenses are typically non-refundable.

To estimate the additional funds and working capital, we relied on research and investigation regarding the operating history, knowledge, and experience of similar Businesses and the startup operation of Mo'Tail & Spaw businesses. It is an estimate only and may vary for many reasons, including the size and condition of your Site, the capabilities of your management team, and your business experience and acumen.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing for any of your initial investment. All amounts paid to us are nonrefundable. Typically, amounts paid to third parties will not be refundable unless agreed.

HOTEL AND SPA AREA DEVELOPMENT

If you desire to purchase additional territories and qualify for an Area Development Agreement, your additional estimated initial Investment will be as follows.

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Hotel and Spa Estimated Initial Investment[1]	$823,500 to $1,955,000	As Incurred	Before Beginning Operations	Us, Vendors, Suppliers, Lessor, or Dealer

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Area Development Fee[2]	$30,000 to $120,000	Lump-Sum	The Initial Franchise Fee for the first franchise and 1/2 of the Initial Area Development Fee upon signing the Area Development Agreement, and 1/2 of the Initial Area Development Fee upon signing of the additional franchise agreement	Us
TOTAL	$853,500 to $2,075,000			

[1] Hotel and Spa Estimated Initial Investment range is the sum of the Hotel and Spa Estimated Initial Investment item 7 table above.

[2] If you desire and qualify for more than one Territory, an Area Development Fee is $30,000 per an additional franchise. The upper range is for 4 additional franchises under an Area Development Agreement, and the lower range is for 1 additional franchise. The Area Development Fee is considered fully earned and is nonrefundable.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications

Mo'Tail & Spaw System Standards are described in the Mo'Tail & Spaw Operating Manual and otherwise communicated to you. The Mo'Tail & Spaw System and Operating Manual are occasionally updated, supplemented, modified, and enhanced.

Current Specification

Below is a listing of Mo'Tail & Spaw specifications and System Standards for the identified categories.

Insurance

You must have and maintain insurance in at least the minimum amounts and coverage as follows: (a) General Liability in the amount of $1,000,000 per occurrence and $2,000,000 aggregate; (b) Automobile Insurance in the amount of $1,000,000; (c) Errors and Omissions Insurance in the amount of $100,000; (d) Property Insurance in an amount sufficient to replace the equipment, the Franchised Business Site if any, and personal property upon loss or damage; (e) Business Interruption Insurance in the amount of $100,000; (f) Theft Insurance in the amount of $50,000; (g) Building Insurance in an amount sufficient to replace the Franchise Premises; and (h) Umbrella Liability Insurance in the amount of $1,000,000. The Franchisee shall maintain Workman's Compensation, Unemployment Compensation, disability insurance, social security, and other similar insurance coverage in such amounts as may now or hereafter be required by any applicable law.

Evidence of this insurance must be initially provided at least 10 days before you begin the operation of your Mo'Tail & Spaw Franchise Business. A renewal certificate must be provided no later than 10 days before the expiration date of each policy. Each required liability insurance policy must name us as an additional insured and provide that we will be given at least 30 days' notice before the policy's cancellation, modification, or amendment.

The site of the Franchise Business

The site for a Mo'Tail & Spaw Hotel and Spa Franchised Business is a real property space (the **Site)**. We do not select the site for your Mo'Tail & Spaw Franchised Business. We approve the Site for your Franchised Business.

Supplies, Fixtures, Equipment, Inventory.

All the equipment, supplies, fixtures, inventory, and products for your Franchised Business must comply with Mo'Tail & Spaw Standards and specifications.

Employee Uniforms

Your Mo'Tail & Spaw employees and staff must wear uniforms that conform to Mo'Tail & Spaw specifications, which are contained in the Mo'Tail & Spaw Operating Manual.

Designated and Approved Suppliers

For any product or service, we designate as an approved supplier, you may not purchase these products and services from other suppliers. We may designate new or different approved suppliers, including designating ourselves or one of our affiliates as an approved supplier of any goods or services.

We are the exclusive supplier of Grand Opening Marketing and non-exclusive supplier of marketing tactics services to Mo'Tail & Spaw franchisees. We are the exclusive supplier of technology to Mo'Tail & Spaw franchisees. Paws & Pints I, LLC, our affiliate, is a non-exclusive supplier of homemade dog treats, jerky, chews, and meals to Mo'Tail & Spaw franchisees. We are the non-exclusive supplier of real estate coordination and site project management services to Mo'Tail & Spaw franchisees.

The criteria for designating approved suppliers include a supplier's ability to meet quality standards, availability, and consistency of the products or services. The criteria for designating and approving suppliers are not published and are not made available to franchisees. Franchisees may not contract with alternative suppliers for designated products or services.

To approve a supplier, we require a sample of the product(s), information regarding the product or service's quality standards, availability, terms and conditions of purchase, and other information we may request. If desired, we may request a physical inspection of the supplier's place of business or manufacturing facility. Upon submitting samples and information required for approval, we will notify you within 30 days of our approval or disapproval of a supplier. As a condition of approval, we require reimbursement of any costs or expenses we incur when approving the supplier. We may revoke the approval of any supplier upon 30 days' written notice to franchisees.

We estimate that, assuming the estimated minimum initial costs to begin operations and other financial obligations are within the ranges described in Item 7 of this disclosure document, the proportion of your purchases and leases of goods and services from approved suppliers or of products that meet our specifications to be approximately 80% of all the purchases and leases in establishing your Mo'Tail & Spaw Franchised Business and approximately 20% of your ongoing costs of operating your Mo'Tail & Spaw Franchised Business.

Neither Mo'Tail & Spaw Franchising L.L.C. nor its affiliates derived any revenue, rebates, or other material consideration from required purchases and leases to Mo'Tail & Spaw franchisees or suppliers in the calendar year 2025.

Our Members and Co-Founders, Kyle Casey, and Jason Fielder, have an interest in Paws & Pints I, LLC, our affiliate, the non-exclusive supplier of homemade dog treats, jerky, chews, and meals to Mo'Tail & Spaw franchisees. We will receive revenue or any material consideration from required purchases or leases by franchisees in the future.

You are required to purchase cleaning chemicals and tools, kenneling systems, architectural assistance, bookkeeping, additional training, insurance, grooming supplies and equipment, signage, technology and smartphone app, marketing and advertising, furniture, and equipment from suppliers and vendors that we designate or approve.

Currently, we have not negotiated any purchase arrangements with suppliers, including prices or terms that benefit franchisees. We reserve the right to negotiate other purchase arrangements in the future. There are no formal or mandatory purchasing or distribution cooperatives, but we reserve the right to institute cooperatives in the future.

We do not provide a material benefit to franchisees based on a franchisee's purchases of particular products or services or the use of particular suppliers.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Unless otherwise noted, the Section references are to those in the Franchise Agreement and Area Development Agreement (ADA).

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
a. Site selection and acquisition/lease	Article II	Items 6 and 11
b. Pre-opening purchase/leases	Section V(B)	Item 8
c. Site development and other pre-opening requirements	Article V ADA Article III	Items 6, 7, and 11
d. Initial and ongoing training	Article VI	Item 11
e. Opening	Section V(E) and Section V(F) ADA Article III	Item 11
f. Fees	Article IV ADA Article II	Items 5 and 6
g. Compliance with standards and policies/operating manual	Article VII and Article XIV	Item 11

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
h. Trademarks and proprietary information	Article XIII ADA Article V	Items 13 and 14
i. Restrictions on products/services offered	Section VII(C)	Item 16
j. Warranty and customer service requirements	Section VIII(G)	Item 11
k. Territorial development and sales quotas	Not Applicable ADA Article III	Item 12
l. Ongoing product/service purchases	Article X, Article VII	Item 8
m. Maintenance, appearance, and remodeling requirements	Section V(H)	Item 11
n. Insurance	Article XII	Items 6 and 8
o. Advertising	Article XVI	Items 6 and 11
p. Indemnification	Article XIII	Item 6
q. Owner's participation/ management/staffing	Section VIII(A)	Items 11 and 15
r. Records and reports	Article XI	Item 6
s. Inspections and audits	Section XI(B)	Item 17

Obligation	Section in Franchise Agreement	Item in This Disclosure Document
t. Transfer	Article XVII ADA Article VII	Item 17
u. Renewal	Section III(B)	Item 17
v. Post-termination obligations	Article XIX	Item 17
w. Non-competition covenants	Article XX ADA Article IX	Item 17
x. Dispute resolution	Article XXI ADA Article XI	Item 17
y. Other:	Not Applicable	Not Applicable

ITEM 10. FINANCING

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

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

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

Pre-Opening Obligations

1. The site for a Mo'Tail & Spaw Hotel and Spa Franchised Business is a real property space (the **Site)**. We do not select the site for your Mo'Tail & Spaw Franchised Business. We approve the Site for your Franchised Business (Section IV of the Franchise Agreement) (Article III of the Area Development Agreement).

2. For your Site, we provide building specifications for your real property space, we review your design plans, and you must retain a licensed architect (Section IV of the Franchise Agreement).

3. We provide you with the standards, specifications, and a list of designated and approved suppliers for all décor, equipment, signs, fixtures, opening inventory, supplies, products, and other materials you will need to operate the franchised business. We do not deliver or install equipment for your site. We are the exclusive supplier of Grand Opening Marketing and non-exclusive supplier of marketing tactics services to Mo'Tail & Spaw franchisees. We are the exclusive supplier of technology to Mo'Tail & Spaw franchisees. Paws & Pints I, LLC, our affiliate, is a non-exclusive supplier of homemade dog treats, jerky, chews, and meals to Mo'Tail & Spaw franchisees. We are the non-exclusive supplier of real estate coordination and site project management services to Mo'Tail & Spaw franchisees. Delivery is provided, but installation is not. (Section VI of the Franchise Agreement).

4. We provide a listing of all products and services that your Franchised Business may offer (Franchise Agreement Article VI).

5. We provide final written approval before opening your Mo'Tail & Spaw Franchise Business. (Section IV of the Franchise Agreement).

6. We provide 1 weeks of free-of-cost onsite assistance upon opening. We may provide additional onsite assistance at our then-current rate, which currently is $75 per hour-1 hour minimum per day plus travel expenses (Section IV of the Franchise Agreement).

Opening Week Support

Subject	Hours of on-the-job training	Location
Staff Coaching	4	Franchised Business Site
Observe Guest Services	6	Franchised Business Site
Technology Assistance	6	Franchised Business Site
Guest Experience	2	Franchised Business Site
Daycare Behavior	4	Franchised Business Site
Retail Merchandising	2	Franchised Business Site
Staff & Dog Safety	8	Franchised Business Site
Specialized Support	8	Franchised Business Site
Total	40	

7. We approve the Designated Manager of your Franchised Business. We do not select or hire your employees. (Section VII of the Franchise Agreement).

8. We provide you with an initial training program as further described in this item (Section V of the Franchise Agreement).

9. We loan or make a copy of the Mo'Tail & Spaw Operating Manual, which is confidential and will remain our property. We may modify the Operating Manual from time to time. (Section XIV of the Franchise Agreement). The table of contents is listed in EXHIBIT J. The operating manual has approximately a total of 150 pages.

After the Franchised Business Opens

1. In the event of relocation, we do not select the site for your Franchised Business. We approve the Site for your Franchised Business (Section IV of the Franchise Agreement).

2. For your Site, we provide building specifications for your real property space, we review your design plans, and you must retain a licensed architect for the site of your Franchised Business upon relocation, remodeling, or updating upon relocation. (Section IV of the Franchise Agreement).

3. We maintain and provide updated standards, specifications, and designated and approved suppliers for all the equipment, supplies, products, and other materials you will need to operate the franchised business (Section VI of the Franchise Agreement).

4. We maintain and provide an updated listing of all products and services that your Franchised Business may offer (Franchise Agreement Article VI)

5. We provide initial training for replacement staff and managers (Section V of the Franchise Agreement).

6. We may provide additional and ongoing training for staff and managers (Section V of the Franchise Agreement).

7. We may organize an annual conference for all Mo'Tail & Spaw franchisees and staff (Section V of the Franchise Agreement).

8. If you do not resolve a dispute with a client, we may investigate and resolve the dispute (Franchise Agreement VII).

9. We provide continuing assistance in operating your Mo'Tail & Spaw Franchise Business (Section V of the Franchise Agreement).

10. We loan or make any updates and changes to the Mo'Tail & Spaw Operating Manual (Section XV of the Franchise Agreement).

11. We may review your Mo'Tail & Spaw advertising material (Section XV of the Franchise Agreement).

12. We provide recommended and suggested pricing for the Franchised Business products and services. You must fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by us that we require you to participate in (Section VI of the Franchise Agreement). You honor all and only the

currency, credit, charge, courtesy, and cash cards approved by Franchisor in writing (Franchise Agreement VI(D)).

13. We approve any replacement Designated Manager for your Franchised Business. We do not select or hire your employees. (Section VIII of the Franchise Agreement).

Advertising

We will provide marketing consultation, general advertising strategy, promotional planning, and budgeting at your request. We are not obligated to conduct advertising or spend any money on advertising in your Territory or area except as provided below. We are not obligated to conduct local, regional, or national advertising except as provided below.

Your Advertising

You must submit samples of all advertising and promotional plans, materials, and other materials displaying the Marks to us before publication or distribution. We will provide you with written approval or disapproval in 15 days. You must submit your advertising materials or materials that bear the Marks to use before using the advertising materials. We have the right to object to your use or publication of your advertising materials. You must honor our objections to using or publishing your advertising materials. We have the right to use and have ownership of any Franchisee developed advertising.

Social Media

You may not establish or maintain a domain name, an internet website, or a webpage that relates to or advertises your Mo'Tail & Spaw Franchised Business or displays the Marks, as we reserve the exclusive right to own and/or control any websites or web pages concerning Mo'Tail & Spaw Franchise Businesses and the Marks. With our prior approval, you may advertise and promote your Franchised Business via social media, which may be comprised of pages, communications, and content located on third-party platforms using the Proprietary Marks as specified by us (collectively, "Franchisee's Social Media"), provided that we are granted ownership and/or administrative access to the social media accounts and content. All uses of social media and communication channels must be established in accordance with and at all times comply with the Operating Manual and System Standards. We will be the sole owner of all related intellectual property rights of all social media and other digital and media accounts and all content posted on social media.

Gift Cards, Memberships, and Loyalty Programs

You must participate in all gift certificates, memberships, loyalty programs, and gift card administration programs, as we may be designated occasionally. You must honor all membership coupons, gift certificates, loyalty promotions, gift cards, and other programs that we direct. You must fully participate in all guest loyalty, consumer relations management programs (CRM), or frequent customer programs that we have adopted or approved now or in the future. You may not create, honor, accept, or issue any gift certificates or gift cards and may only sell gift certificates or cards that have been issued or approved by us. You must not issue, honor, or accept any coupons or discounts except as approved by us in writing.

Local Advertising

You must spend sufficient money and resources and conduct advertising and public relations within the local area to promote your Mo'Tail & Spaw Franchised Business. Currently, it is suggested that you spend Up to 2% of Gross Revenues on local advertising (Local Advertising).

Grand Opening.

It is required that you spend $10,000 to $15,000 on grand opening advertising during the first 3 months of operation. You may choose to spend more. Factors that may affect your decision on the amount to spend include local media costs, the location of the Franchised Business, and customer demographics in the surrounding area.

Regional and Local Advertising Cooperatives

We may designate any geographical area where at least two Mo'Tail & Spaw Franchised Businesses are located to establish a local or regional marketing and advertising cooperative (Cooperative). Each Cooperative will be organized and governed in a manner we approve in writing. If your Territory is within the geographic boundaries of a Region or Local Cooperative that we designate, you will be required to participate in the cooperative. The members of the Cooperative will determine the amount of the Cooperative Contribution, but the Cooperative Contribution may not exceed Up to 2% of Gross Revenues. Within thirty days after the end of each calendar month, each Cooperative will prepare an unaudited statement of the Cooperative's financial position and the results of operations of the Cooperative. Each member of the Cooperative will be entitled to receive a copy of the Cooperative's financial statements upon request. For each Mo'Tail & Spaw business operated by us or our affiliates in a geographical area for which a Cooperative has been established, we will make a Cooperative Contribution on the same basis as assessments required of comparable franchises that are members of the same Cooperative. If outlets owned by us have the controlling voting power, Cooperative Contribution will not exceed Up to 2% of Gross Revenues. You do not have the right to form, change, dissolve, or merge with any Regional Advertising Cooperative. We shall administer the Regional Advertising Cooperative. There are currently no Regional Advertising Cooperatives or governing documents available for your review.

National Advertising Fund

You are obligated to contribute 2% of Gross Revenues or $300 per week, whichever is greater to the Mo'Tail & Spaw National Advertising Fund. Contributions to the Mo'Tail & Spaw National Advertising Fund may be used for in-house, national, or regional agencies to maintain, administer, research, direct, and prepare advertising and/or promotional activities, including, without limitation, the costs of preparing and conducting advertising campaigns, which may be local, regional or national, in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for franchisees in the System. We may be reimbursed for any labor or services we provide to the fund and for any costs we incur for or on behalf of the National Advertising Fund for any labor or services that we provide to the fund and for any costs that we incur for or on behalf of the National Advertising Fund. We may loan additional funds to the National Advertising Fund if needed. We may, but are not required to, contribute to the National Advertising Fund on the same basis as assessments required of comparable franchises within the System for each company-owned location. Franchisees who contribute to the fund may obtain an annual summary of the expenditures after April 30th of each year

upon your written request. We are not required to have an independent audit of the National Advertising Fund. Except as disclosed above, neither we nor any affiliate of ours will receive any payment from the fund. We do not use National Advertising Fund dollars to solicit new franchise sales. (Sections IV of the Franchise Agreement).

The National Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchisees within the System or a region, as the case may be. In administering the National Advertising Fund and making expenditures, we are not obligated or required to spend any amount of money in your Territory or ensure that you or any franchise benefits are equivalent or proportionate to the Mo'Tail & Spaw National Advertising Fund contributions.

The National Advertising Fund did not collect any contributions in 2025. The unspent earnings from the prior year's contributions shall be used for subsequent years' National Marketing Fund expenditures. If excess amounts remain in the National Advertising Fund at the end of the year, the unused monies shall be retained by the National Advertising Fund. All expenditures in the following year(s) shall be made first out of previous years retained unused contributions and next out of contributions in the current year.

Franchise Advisory Council

We may establish a Franchise Advisory Council. The purpose of the Franchise Advisory Council is to facilitate communication between our franchisees and us, which will lead to mutual growth, development, and profitability of the entire Mo'Tail & Spaw System. At your sole expense, you shall participate in local, regional, and national franchise advisory committees or councils if established or sanctioned by us. The Council serves in an advisory capacity only and does not have the authority to establish or modify our policies. We have the power to determine membership, the election of Council Officers, and change or dissolve the Franchise Advisory Council.

Computer Requirements

You must lease or buy and use RunLoyal, iTrust Ventures, M&S white-labeled app that is the same technology that will handle POS, scheduling, and appointments, staffing schedules, etc., G-Suite for email, Collar System, Canva, iDog Cam, Apple computers, Nest Cam. We estimate the cost of leasing or purchasing the computer system to be $15,000 to $25,000.

You must maintain, repair, upgrade, and update your computer system. Without a contractual limit on frequency and cost, you are required to lease, buy, use, update, and upgrade the computer hardware and software, mobile, internet, and other applications, or other programs that we designate and stipulate. We are not required and do not require our affiliates or third parties to maintain, repair, upgrade, and update your computer system. We estimate the annual costs of any optional or required maintenance, updating, upgrading, or support contracts for the cash register or computer systems to be $5,000 — Article X of the Franchise Agreement.

You must pay us a Technology Fee of $300 on the Tuesday of each week for the use of the computer system software and applications. We may increase the Technology Fee upon 30 days' written notice to you. The Technology Fee shall not increase more than 10% annually for any proprietary software or applications. For any third-party software fee collected, the Technology Fee shall not be greater than 10% of the actual cost of the third-party software fees and expenses.

You will use your computer system to maintain information about your customers, prepare proposals and invoices, transmit payment for products or services, maintain the financial records of the franchised business, access internet sites, and communicate with prospective and current customers, suppliers, us, and others via e-mail. You must provide us with independent access to all of the information generated and stored on your computer system if we request it, including the delivery of database backup. There are no contractual limitations on our right to access the information.

Site Selection and Opening

The site of a Mo'Tail & Spaw Hotel and Spa Franchised Business is a 10,000 to 15,000 square feet, standalone building or space within a shopping center or industrial area, conveniently located off a major road or highway or freeway, with good visibility, close to residential, and near an airport or travel hub. We do not select your site. Your site is subject to our approval (Section IV of the Franchise Agreement). We generally do not own or lease the premises or Site to franchises for the operation of the Franchised Business. However, our affiliate, Paws & Pints I, LLC, may own or lease the premises or Site to franchises for the operation of the Franchised Business within a Paws & Pints establishment. To obtain our approval, you must provide all information and documents about the site we require. The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. For your Site, we provide building specifications for your real property space, we review your design plans, and you must retain a licensed architect for the Site of your Franchised Business (Section IV of the Franchise Agreement). If you do not secure a Site, we do not approve a Site, you and we do not agree on a Site for your Franchised Business within 6 months from the signing of your Franchise Agreement, we may terminate your Franchise Agreement and retain all monies that you have paid us or our affiliates.

You are responsible for conforming the Site premises to local ordinances and building codes and obtaining any required permits for constructing, remodeling, or decorating the Site premises. We may, but are not obligated to, provide you with assistance to ensure that your Site conforms to local ordinances and building codes or obtain any required permits for construction or remodeling.

The typical time between signing the Franchise Agreement, the first payment of consideration for the franchise, and opening the franchised business varies. However, you should be able to commence operation within 12 months after signing as required by the Franchise Agreement. Factors affecting this time period include how long it took to complete any modification of your Mo'Tail & Spaw site, completion of financing arrangements, compliance with local ordinances and obtaining permits, obtaining and installing equipment, your previous employment commitments (if any), your ability to complete our training program, and/or hiring and training personnel.

If you do not open your Franchised Business within 12 months of the signing of your Franchised Agreement, we may terminate your Franchise Agreement and retain all monies that you have paid us or our affiliates.

We do not select the site for any additional franchises under your Area Development Agreement, and we generally do not own the premises or lease sites for the Franchised Businesses under the Area Development Agreement. We approve each additional Site for the Franchised Businesses under the Area Development Agreement. Our then-current standards for Sites' approval will apply. For your Site, we provide building specifications for your real property space, we review your design plans, and you must

retain a licensed architect for the additional Sites of your Franchised Business. (Article III of the Area Development Agreement)

The typical time between signing the Area Development Agreement or the first payment of consideration for the Area Development Agreement and securing the Site for each additional franchise under the Area Development Agreement is an additional 6 months for each franchise. You must open each additional franchised business under the Area Development Agreement within an additional 12 months for each franchise. Factors affecting this time period include how long it takes to complete any modification of your Mo'Tail & Spaw site, completion of financing arrangements, compliance with local ordinances, obtaining permits, and obtaining and installing equipment. If you do not secure a Site or fail to obtain our approval for a Site within the additional 6 months for each additional franchise or do not open the additional franchised businesses within the additional 12 months under the Area Development Agreement, we may terminate the Area Development Agreement, but we may not terminate the franchise agreements for the franchised businesses already open for your failure to open or secure a Site within the required time period. (Article III of the Area Development Agreement).

Training Program

We provide a tuition-free initial Mo'Tail & Spaw training program, which includes orientation to the Mo'Tail & Spaw system, customer service, operational management, financial management, computer software use, advertising, marketing, and reporting procedures. The training lasts up to 4 weeks or less, depending on your current experience level. It is currently held Online and our Des Moines, Iowa, location, but we may hold the training at one of our other locations in the future. Instructional materials may include manuals, videos, scripts, and PowerPoint presentations. Training is not scheduled regularly but will be offered to you before the opening of your Franchised Business. You and your Franchised Business Designated Manager, franchisee owners, and key roles must attend and successfully complete the initial training 2 weeks before the grand opening of the Franchised Business to our satisfaction. You must pay for all travel, lodging, and other costs of initial training attendance. After that, we may charge a fee for attendance at the initial training for new and replacement managers. Our current fee for replacement and new managers is $400 per attendee.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Preliminary Training	16	0	Online and our Des Moines, Iowa, location
Marketing	4	2	Online and our Des Moines, Iowa, location

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Technology	4	4	Online and our Des Moines, Iowa, location
General Business	8	2	Online and our Des Moines, Iowa, location
Financials Intro	3	0	Online and our Des Moines, Iowa, location
Daily OPS	12	36	Online and our Des Moines, Iowa, location
Customer Service	1	4	Online and our Des Moines, Iowa, location
Total	48 Hours	48 Hours	

Instructors for Initial Franchise Training are:

Kyle & Megan Casey, who have 5 years of experience in the dog industry, has been part of 4 startups, 10 years of staffing experience, and 20 years of employment experience.

Tiffany Saenz, who has 10 years of dog training and dog handling trainer

Anna Miller, who has 4 years in the dog space and General Manager of Mo'Tail & Spaw - Des Moines, IA.

Zoe Roccasecca, who has been in the dog space for 3 years, is a technology and sales guru.

We may change, add to, or make substitutions for the subjects and instructors listed in the above tables as necessary or appropriate. All instructors and substitute instructors will have a minimum of one year of experience in the Mo'Tail & Spaw System or the subject matter for which they provide training and instruction.

We may provide additional training programs at reasonable times and locations selected by us during the term of the Franchise Agreement. We will host national conventions at times and locations selected by us. You must attend the national convention. We may require attendance at other additional training programs. You must pay for all travel, lodging, and other costs of attending training and the national convention. We may charge a reasonable per diem fee for other training programs.

After executing the Franchise Agreement, you are encouraged to schedule your training as soon as possible. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because the mandatory training has not been completed to our satisfaction.

You are responsible for all expenses you and your employees incur to attend the initial training, including wages, benefits, transportation, meals, accommodations, and entertainment. Other than providing initial training, we do not provide any other assistance with the hiring or training of your employees.

ITEM 12. 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.

Under the Franchise Agreement, you are granted the right to operate a Mo'Tail & Spaw Hotel and Spa (Model Concept) Franchised Business. The site for a Mo'Tail & Spaw Hotel and Spa Franchised Business is a real property space (the **Site)**. We approve the Site for your Franchised Business.

You may relocate the Site of your Franchised Business so long as the new Site meets our then-current Site requirements, and you reimburse us for any costs and expenses we incur in your relocation. Currently, for relocation and Site selection, the Site must be approved by us, and we provide building specifications for your real property space, we review your design plans, and you must retain a licensed architect. You are obligated to reimburse us for any cost and expense we incur reviewing or approving your relocation as a relocation fee.

Subject to the Franchise Agreement Terms, you are granted a territory, which is a 3 to 5 mile radius from the Site (“Territory”). You may only sell and accept orders from the Site and only advertise, solicit, and offer to sell within the Territory. You do not have the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory unless we give you written consent to serve another specified area where no other Mo'Tail & Spaw franchise or company-owned unit is located. If you are granted consent to service another specified area, you shall be obligated to pay us royalty fees and other fees for the services performed or products sold.

If you are in compliance with the Franchise Agreement and subject to the limitations stated below, we promise and agree not to operate or authorize anyone else to operate a business using the same Mo'Tail & Spaw Model Concept and System as your Franchised Business in the Territory during the Term of your Franchised Agreement. We are not obligated to ensure that no other franchise will conduct operations in your Territory. Although such activities are discouraged, we reserve the right to determine how to respond to any such situation. We are not required to pay you any compensation for us or other franchisees soliciting or accepting orders in your Territory.

We reserve the right to limit your Territory as follows:

Own, acquire, establish, operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks outside the Territory.

Acquire a system of Competitive Businesses with units located within your Territory or outside the Territory.

Establish or license another to establish a Mo'Tail & Spaw Model Concept, such as, for example only, storefront, brick and mortar, co-branded, pop-up, virtual, or mobile outlets that are different than your Model Concept within or outside the Territory under the Mo'Tail & Spaw Marks or other marks, trademarks, or services.

Sell or franchise others to sell the services and products authorized for Mo'Tail & Spaw Franchised Businesses using the Mo'Tail & Spaw Marks or other trademarks, service marks, and commercial symbols through alternate channels of distribution; venues; joint marketing with partner companies; direct mail; catalog sales; internet sites; and co-branding strategies, under such terms and conditions as Franchisor deems appropriate.

Advertise, promote, market, or sell goods or services using the Mo'Tail & Spaw Marks over the internet, the World Wide Web, or any other electronic network.

Offer and sell the services and products authorized for Franchised Business using the Mo'Tail & Spaw Marks or other trademarks, service marks, and commercial symbols to Special Accounts.

Own, acquire, establish, operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, in Special Venues.

Other Brands

We and our affiliates do not operate or have plans to operate or franchise others to operate businesses selling the same goods or products under a different name or solicit customers within your Territory; however, we reserve the right to do so in the future in accordance with the rights reserved above.

Special Venues.

We or other franchisees or licensees may own, acquire, establish or operate businesses like the Mo'Tail & Spaw Franchised Business or substantially similar to the Franchised Business, whether under the Marks or

other proprietary marks in any temporary or permanent venues where there is a captive audience and where the primary purpose is other than patronizing a Mo'Tail & Spaw business (referred herein as a "Special Venue"), in the way of examples, but not an exhaustive list: malls, colleges, universities, entertainment and sports centers, military bases, transportation facilities, and housing complexes within or outside of the Territory or Development Area.

Special Accounts

The Franchisor has the exclusive right to contract with customers or third-party delivery carriers and/or vendors whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Mo'Tail & Spaw territory or the trading area of a single Franchise, Franchisor-owned, or Affiliate-owned business (referred to herein "**Special Accounts**"). If Franchisor establishes a contract for facilities of a Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. If Franchisee accepts the project, Franchisor will collect all amounts due from the Special Account and remit to Franchisee the amount due for products and services rendered by the Special Account, less the amount of Royalties and other fees due under this Agreement. All amounts collected from Special Accounts on Franchisee's behalf or by Franchisee from Special Accounts will be included in Franchisee's Gross Revenues to calculate Royalties and other fees due under this Agreement.

If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable, including through another Mo'Tail & Spaw Franchisee, a Franchisor or Affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reasonable requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee's option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner Franchisor deems suitable.

Sponsorships

The Franchisor has the exclusive right to contract with vendors, suppliers, and other third-party businesses for advertising (referred to herein as "Sponsor" and "Sponsorship"). If Franchisor establishes a contract for Sponsorship in the Territory, Franchisee shall honor and display the Sponsor information and advertisements as directed by Franchisor. Franchisor may, but is not required to, share revenues from said Sponsorships with Franchisees, in Franchisor's discretion.

Acquisition of Competing System

If you are in compliance with the Franchise Agreement and we acquire a system of Competitive Businesses (an "Acquired Systems") during the term of the franchise agreement, we will offer you the option to purchase and operate as a Mo'Tail & Spaw Franchise, any unit of the Acquired Systems (an "Acquired Unit") that is both purchased by us for operation by us or our Affiliate (e.g., the unit will not be operated by a licensee of the Acquired Systems) and is located within your Territory. We shall provide you with written notice of our purchase of the Acquired Systems, the terms and conditions applicable to your option to purchase Acquired Units and other information that we believe must be included in the notice. If you do

not elect to purchase or fail to complete the purchase of an Acquired Unit within two (2) months after notice, we can operate through an Affiliate or third-party licensee, the Acquired Unit under any trade name or trademark other than Mo'Tail & Spaw Marks. You have no right to purchase, and we are not obligated to offer you any option to purchase any Acquired Unit that a licensee operates under the Acquired Systems. We may license such units to be operated under any trade name or trademarks other than Mo'Tail & Spaw Marks. We may also license additional units of the Acquired Systems to be developed and operated within your Territory.

If you are in good standing under the Franchise Agreement and meet our financial qualifications, you may request that we sell you another Mo'Tail & Spaw franchise. We reserve the right to determine whether to sell you another franchise. If you buy an additional franchise, it will be under the then-current form of the Franchise Agreement and other applicable agreements that may differ from those described in this disclosure document.

Your Franchise Agreement does not give you any other options, rights of first refusal, or similar rights to acquire additional franchises within the territory or contiguous territories. Your Territory rights are not dependent on achieving a specific sales volume or market penetration. We may establish another franchise or company-owned location in the Territory if you fail to comply with the Franchise Agreement. Except as disclosed in Item 12, no other circumstances permit us to modify your territorial rights.

In the future, Paws & Pints I, LLC and/or another affiliate, may open, operatate, or franchise others to own or operate Paws & Pints outlets. Neither we nor our affiliates operate or have plans to operate or franchise others to operate a business selling the same goods or products under a different name or solicit customers within your Territory except as stated above.

Area Development Program

You will not receive an exclusive Area Development 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.

If you sign an Area Development Agreement, your rights to the Development Area will be protected as outlined in the Area Development Agreement. The Development Area Territory is typically an a 15-mile radius from the Site or a population of 150,000 persons, whichever is less for each additional franchise territory under the Area Development Agreement, but may be smaller depending on the market area for each additional Franchised Business. The Development Area Territory is determined as mutually agreed upon by you and us and outlined in the Area Development Agreement when signing the Area Development Agreement.

While the Area Development Agreement is in effect, provided that you open and operate Mo'Tail & Spaw Franchised Businesses per the Development Schedule and the minimum number of Franchises that you have open and operating in the Development Area at any given time is not less than the minimum required according to the Development Schedule, we will not operate, or license any person other than you to operate, a Mo'Tail & Spaw Franchised Business under the Marks and the System within the Territory.

We reserve the right to own, acquire, establish operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, outside the Development Area; acquire a system of Competitive

Businesses with units located within your Development Area or outside the Development Area; sell the services and products authorized for Mo'Tail & Spaw Franchised Business using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, venues; site or location models other than the Model Concept of your Franchised Business, including such as a storefront, brick and mortar, co-branded, pop-up, virtual, or mobile outlets; joint marketing with partner companies; direct mail; catalog sales; internet sites; and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate; advertise, promote, market or sell goods or services using the Mo'Tail & Spaw Marks over the internet, the World Wide Web or any other electronic network; offer and sell the services and products authorized for Franchised Business using the Mo'Tail & Spaw Marks or other trademarks, service marks and commercial symbols to Special Accounts; own, acquire, establish and operate, and license others to establish and operate, businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks, in Special Venues.

We do not select the Site for any additional franchises under your Area Development Agreement. We generally do not own the premises or lease sites to the Franchised Businesses under the Area Development Agreement. We approve the Sites for each additional Franchised Businesses under the Area Development Agreement. For your Site, we provide building specifications for your real property space, we review your design plans, and you must retain a licensed architect for the additional Sites of your Franchised Businesses.

The typical time between signing the Franchise Agreement, or the first payment of consideration for the Area Development Agreement and opening the franchised business varies. However, you should be able to commence operation within an additional 12 months for each additional franchise business after signing, as required by the Area Development Agreement. Factors affecting this time period include how long it takes to complete any modification of your Mo'Tail & Spaw Site, completion of financing arrangements, compliance with local ordinances, obtaining permits, and obtaining and installing equipment. If you fail to adhere to the Development Schedule, we may terminate the Area Development Agreement, and all of your territorial rights will be eliminated. Otherwise, we will not change the size of your development area. Your Area Development Agreement does not give you any other options, rights of first refusal, or similar rights to acquire additional franchises within the territory or contiguous territories. If a default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement, we may terminate your Area Development Agreement. However, a default under the Area Development Agreement is not cause for termination of any existing Franchise Agreement.

ITEM 13. TRADEMARKS

Our trademarks, MO'TAIL & SPAW, THE BONETIQUE, PAWS & PINTS, Logo, CANINE RETREAT & SOCIAL, and PAWS PICKUP (the “Mark”), are registered with the United States Patent and Trademark Office (the “Trademark Office”) on the registry as indicated below:

Mark	**Registration Number or Serial Number if**	**Class**	**Registration Date**	**Registry**

	Registration is Pending			
MO'TAIL & SPAW	6925281	IC 043	December 13, 2022	Principal
THE BONETIQUE	6860799	IC 043	September 27, 2022	Principal
PAWS & PINTS	6782652	IC 043	October 25, 2018	Principal
Logo	6066027	IC 043	Jan. 25, 2019	Principal
CANINE RETREAT & SOCIAL	97915721	IC 043	Pending as of May 01, 2023	Principal
PAWS PICKUP	7908542	IC 043	Aug. 19, 2025	Principal

We have filed all required affidavits and renewals with respect to these registrations.

The trademark is owned by our affiliate, PAWS & PINTS I, LLC. We have a perpetual license agreement to use and franchise the trademarks, which may only be terminated upon our dissolution. In such an event, you may lose your right to use the trademark.

There are no currently effective material determinations of the Trademark Office, the Trademark Trial and Appeal Board, any other trademark administrator, or any court, pending interference, opposition, cancellation proceedings, or any pending material litigation involving the Marks.

We do not know of any prior rights that could materially affect the franchisee's use of the principal trademark. Currently, other than the perpetual license agreement with our affiliate, PAWS & PINTS I, LLC, there are no agreements that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. We are unaware of any infringing uses of the Marks that could materially affect your use.

Your use of the Mo'Tail & Spaw Marks is limited to use in connection with the operation of your Mo'Tail & Spaw Franchised Business as described in the Franchise Agreement and as outlined in the Mo'Tail & Spaw Operating Manual. You must promptly notify us of any use of the Mo'Tail & Spaw Marks or any colorable variation by any person or legal entity or any litigation instituted by any person or legal entity against you or us involving the Mo'Tail & Spaw Marks. We will control any litigation or proceeding. We are not required

to defend the Mo'Tail & Spaw Marks or your use of the Mo'Tail & Spaw Marks. If we undertake the defense, prosecution, or settlement of any litigation relating to the Mo'Tail & Spaw Marks, you agree to assist as necessary to carry out such defense, prosecution, or settlement. We retain the right to modify or discontinue the Mark(s). We are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us or if the proceeding is resolved unfavorably. You shall, upon demand by us, modify or discontinue the use of Mo'Tail & Spaw Mark(s), at your sole cost and expense, any Mark(s), as directed by us. We are not required to reimburse or compensate you for any modification or discontinuation of the Marks. Your rights under the franchise agreement will not be modified or discontinued if we require you to modify or discontinue using the Marks.

If any party demonstrates to us a superior right to use any of the Mo'Tail & Spaw Marks, you shall, upon demand by us, discontinue the use of such Mo'Tail & Spaw Mark(s) and adopt, at your sole cost and expense, any Mark(s), if any, selected by us to replace such discontinued Mark(s).

You shall not use any of the Mo'Tail & Spaw Marks or any derivative or a colorable variation thereof: (i) as part of your corporate or other legal names; (ii) on or as part of any Website, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines, or other similar services (without our prior written consent); (iii) with any prefix, suffix (including, but not limited to, the word “Inc.”), or other modifying words, terms, designs, or symbols; or (iv) in any modified form. Franchisee shall not register any of the Marks, or any derivative or a colorable variation thereof, as a service mark, trademark, or internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefore or that may harm, tarnish, or impair Franchisor reputation, name, services, or Marks. The provisions of this paragraph shall survive the expiration, termination, or cancellation of this Agreement.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications or registrations material to the franchise. We do not own any patent material to the franchise. We do not own any copyright registration material to the franchise. We do have unregistered copyrights in the Mo'Tail & Spaw Operating Manual and all printed, audiovisual, and other materials developed and distributed for use by our franchisees or us (collectively called the “Proprietary Information”). Information that is not protected by copyright but is confidential to us, such as information about our methods, policies, and marketing programs, is also part of the Proprietary Information.

The Operating Manual, operating methods, business procedures, and all client information, including names, addresses, and financial information, are confidential and proprietary. The Proprietary Information is our trade secret. You may not use this information in any other business or in any other way not authorized by us in writing.

There are no material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding our copyright materials.

You must promptly notify us of any infringement of the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, and other proprietary documents by any person or legal entity or any litigation instituted by any person or legal entity against you or us involving the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or other proprietary documents or defend your use of the copyright-protected materials, Operating Manual, advertising materials, or other proprietary documents. We will control any litigation or proceeding. We are not required to defend the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or other proprietary documents. If we undertake the defense, prosecution, or settlement of any litigation relating to the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or proprietary documents, you agree to assist as necessary to carry out such defense, prosecution, or settlement. We are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or other proprietary documents, or if the proceeding is resolved unfavorably to you.

We retain the right to modify the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, and other proprietary documents. Upon demand by us, you shall discontinue using Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or other proprietary documents at your sole cost and expense, as directed by us. We are not required to reimburse or compensate you for any modification or discontinuation of the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or proprietary documents. Your rights under the franchise agreement will not be modified or discontinued if we require you to modify or discontinue using copyright-protected materials.

We have no actual knowledge of superior prior rights or infringing uses of the Mo'Tail & Spaw copyright-protected materials, Operating Manual, advertising materials, or other proprietary documents that could materially affect your use of such copyrights or proprietary information. You will not acquire any interest in the Proprietary Information. All Proprietary Information must be returned to us immediately upon the termination of the Franchise Agreement for any reason. The Proprietary Information is disclosed to you solely on the condition that you (1) will not use it in any other business or capacity; (2) will maintain the absolute confidentiality of the information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Operating Manual or any other written communication from us; (4) will not disclose or duplicate any part of the Proprietary Information other than disclosure to an employee of the franchised business to the extent necessary to do his or her job; and (5) will adopt and implement all reasonable procedures we may require preventing unauthorized use or disclosure of the information, including restrictions on disclosure of the information to employees of the franchised business and the use of nondisclosure and non-competition clauses in employment agreements. All shareholders, officers, directors, partners, and members of the franchise are presumed to have access to Proprietary Information and must sign a Nondisclosure and Noncompetition Agreement to maintain the confidentiality of the Proprietary Information and conform to the noncompetition covenants.

You must inform us in writing if anyone breaches the Nondisclosure and Noncompetition Agreement or any other violation of the obligations regarding any of the Proprietary Information or if you learn about any improper use of any of it.

If we require you to modify or discontinue using the subject matter covered by the patent or copyright. In that case, we are not required to reimburse or compensate you for the modification or discontinuation.

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

You must maintain a designated full-time on-premise manager of the franchised business who we approve devotes his/her full-time and energy to the operation of the Franchised Business and successfully completes the initial training program to our satisfaction. The designated on-site manager must sign a confidentiality, non-solicitation, and non-competition agreement in a form that is satisfactory to us. The manager does not need to have an ownership interest in the franchise. No individual franchisee or any shareholder, partner, member, or other owner of a business entity franchisee may compete with us or own an interest in any competitor of ours anywhere during the term of your Franchise Agreement or within 25 miles of any Mo'Tail & Spaw franchise territory for two years after the expiration or termination of your Franchise Agreement.

You are not required or obligated to participate personally in the direct operations of the Franchised Business; however, we strongly recommend that you do so. You and each shareholder, partner, member, and other equity owners of the franchise, and each individual shareholder, partner, member, and other equity owners of any shareholder, partner, member, and other equity owners that is itself a business entity, must personally guarantee all of the franchisee's obligations and performance under the Franchise Agreement.

To prevent any interruption of the Franchised Business that may cause harm to the Franchised Business and the Mo'Tail & Spaw system and lessen their value, we may step in to operate the Franchised Business when we deem necessary. Reasons may include our determination that you are incapable of operating the franchise; are absent or incapacitated because of illness or death; have failed to pay when due any taxes or assessments against the franchise or property used in connection with the franchise; have failed to pay when due any liens or encumbrances of every kind placed upon or against your business property; or we decide that operational problems require us to operate the franchise for a time.

All revenues derived from our operation of the Franchised Business will be deposited into your account. We may pay all expenses, debts, and liabilities incurred from that account during our operation of the Franchised Business. We will keep an account of all revenues generated by the operation of the Franchised Business, less the business's expenses, including reasonable compensation and expenses for us and our representatives.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are permitted to sell only goods or services we approve. You must offer and sell all products and services, only those products and services authorized by us and specified in the Mo'Tail & Spaw Operating Manual or as designated in writing by us (the "Permitted Products and Services"). Without limit, we have the right to change, add, and delete products or services to or from the Mo'Tail & Spaw Permitted Products

and Services at any time. We may also designate any products or services as optional. We provide recommended and suggested pricing for the Franchised Business products and services.

You may only sell and accept orders from the Site and only advertise, solicit, and offer to sell within the Territory unless we give you written consent to serve another specified area where no other Mo'Tail & Spaw franchise or company-owned unit is located. If you are granted consent to service another specified area, you shall be obligated to pay us royalty fees and other fees for the services performed or products sold. You do not have the right to use other distribution channels such as the internet, catalog sales, telemarketing, or other direct marketing unless we give you written consent.

You must maintain a competent, conscientious, trained staff (who shall have been adequately trained per Franchisor Standards) in numbers sufficient to service customers promptly and properly, including at least a trained manager (or other trained supervisory employees in accordance with the Operating Manual) on duty at all times at which the Franchised Business is open (including daily Franchised Business opening and closing procedures), and take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as we may prescribe.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

References are to sections in the Franchise Agreement unless otherwise noted.

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section II(A)	10 years from the date that we signed the Franchise Agreement.
b. Renewal or extension of the term	Section II(B)	Upon the expiration of the initial term or any renewal term of the Franchise Agreement, you may, at its option, renew the Franchise Agreement for an additional term of 10 years (the “Successor Franchise”), provided that at the end of each term, you meet conditions listed including paying a Renewal Fee.

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section II(B)	Renew means upon the expiration of your Franchise Agreement, you may sign an agreement with materially different terms and conditions from the original franchise agreement for an additional 10 years term. The other agreement you must sign to renew may have materially different terms and conditions from the original franchise agreement. In order to renew, we must be offering Mo'Tail & Spaw Franchises; you must give us written notice between 6 months to 1 year, prior to the end of the term; you must not be in default under any provision of The Franchise Agreement or any other agreement between you and our affiliates, approved suppliers of the Mo'Tail & Spaw System, or the lessor of your Mo'Tail & Spaw Site, and has substantially complied with all of the terms and conditions of Franchise Agreement; you have the right to remain in possession of your Mo'Tail & Spaw Site, or a suitable substitute location that is approved by us and meets our then-current specifications and standards, for the entire term of the Successor Franchise; you must refurbish your Mo'Tail & Spaw Franchised Business to conform to the then-current Mo'Tail & Spaw trade dress, color schemes, and presentation of the Marks and Mo'Tail & Spaw Systems Standards; you must sign the then-current Mo'Tail & Spaw franchise agreement terms of which may differ from the terms of the Franchise Agreement; you must pay us a Renewal Fee of $20,000; and you must comply with then-current Mo'Tail & Spaw qualifications and training requirements. When renewing, you may be asked to sign a contract with materially different terms and conditions then your original contract.
d. Termination by you	Section XVII(A)	We will be considered in default of the Franchise Agreement if we breach any material obligations of the Franchise Agreement and fail to cure the default within 60 days of written notice from you, subject to state law. You may terminate under any grounds permitted by law.

Provision	Section in Franchise Agreement	Summary
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	Section XVII(B)	We can terminate only if you default, subject to state law.
g. "Cause" defined -- defaults which can be cured	Section XVII(B)	We may elect to terminate your Mo'Tail & Spaw Franchise Agreement if you fail to pay, when due, any sum required to be paid under the Franchise Agreement or any other agreement between us after written notice and ten (10) days opportunity to cure; or if you fail to perform, or the breach, any other provision of your Mo'Tail & Spaw Franchise Agreement or any other agreement or instrument between us; or you fail to operate the Franchised Business in full compliance with the Franchise Agreement, the Mo'Tail & Spaw Operating Manual, or Mo'Tail & Spaw System Standards, or fail to cure any such breach within thirty (30) days from notice of the breach, subject to state law.
h. "Cause" defined defaults which cannot be cured	Section XVII(B)	We may elect to terminate your Mo'Tail & Spaw Franchise Agreement, without opportunity to cure if you fail to locate and secure a Site and get approval with the terms of the Site Selection Addendum or fail to open the Franchised Business within the time limits prescribed by the Franchise Agreement; you fail to satisfy all of the training obligations on three (3) or more separate occasions within any period of twelve (12) consecutive months; you fail to submit reports or other information or supporting records when due or otherwise fail to comply with the Franchise Agreement, whether or not such failures to comply are corrected after notice; you fail to operate your Mo'Tail & Spaw Franchised Business for more than two (2) consecutive days, or otherwise abandon the Franchised Business; you provide for offers or sales of any Permitted Products and Services at or from a location that is within the franchise territory of another Mo'Tail & Spaw franchisee (except as expressly stated in this Agreement, the Operating Manual, or any

Provision	Section in Franchise Agreement	Summary
		other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by us under franchise agreements with other franchisees of Franchisor; you fail to achieve or exceed System Standards in two (2) inspections in any twenty four (24) month period; you are declared bankrupt or insolvent or you are the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code; a receiver is appointed for you or for any part of your property, or you make any assignment for the benefit your creditors, if not dismissed within fifteen (15) days; you lose the right to possession of the premises upon which the Franchised Business is located, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Business; you make any transfer or attempted transfer that fails to comply with this Agreement; the Franchised Business is seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor; a final judgment against you remains unsatisfied for thirty (30) days (unless superseded as or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy; any conduct or activity by you or any of your Principals, directors, or officers that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, us, the Mo'Tail & Spaw System, the Marks, or the goodwill associated; you knowingly maintain false books or records, or knowingly submit any false reports to us, or knowingly understate your Gross Revenues reported to Franchisor; any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, and you have not immediately commenced actions to cure the problem or have not promptly cured or corrected the problem or activity that

Provision	Section in Franchise Agreement	Summary
		gave rise to the threat or danger; you make or attempt to make any transfer or assignment of the Franchised Business, Franchise business assets, rights under the Agreement, or ownership the Franchised Business contrary to the Franchise Agreement; or you or any of your Principals violate any of the Covenants of the Franchisee, commit an infringement of the Proprietary Marks, or communicate, divulge, or use Confidential Information contrary to the Franchise Agreement, subject to state law. However, a default under the Area Development Agreement is not cause for termination of any existing Franchise Agreement.
i. Your obligations on termination or nonrenewal	Article XX	Upon the termination, you must: cease to operate your Franchised Business and not hold itself out as a present or former Mo'Tail & Spaw franchisee of Franchisor; cease to use the Mo'Tail & Spaw System or Mo'Tail & Spaw Marks; make modifications to the Franchised Business Site to prevent the operation of any business on the Site that might be deemed substantially similar to the Mo'Tail & Spaw Franchised Business; at our option, assign to us (i) telephone numbers of the Franchised Business and all related Yellow Pages, White Pages, and other business listings, and (ii) Websites, web pages, listings, banners, URLs, advertisements, or any other services and links, and sell us the assets of the Franchised Business; turn over the Mo'Tail & Spaw Operating Manual, records, customer and other files, instructions, correspondence, and software provided and/or licensed by us; cancel any assumed name or equivalent registration that contains the Mo'Tail & Spaw Marks; pay all sums due and owing to us; obtain and maintain professional liability or errors and omissions insurance and general liability insurance for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located; appoint us as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee obligations under the terms of termination.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by us	Section XVI(A)	We have the right to transfer or assign all or any part of our rights and/or obligations to any person or legal entity.
k. "Transfer" by you definition	Section XVI(B)	A transfer includes any sales assignment, transfer, conveyance, give away, pledge, mortgage, or encumbrance of any interest therein or in Franchise or Franchisee assets.
l. Our approval of transfer by franchisee	Section XVI(B)	We have the right to approve all transfers but may not unreasonably withhold consent.
m. Conditions for Mo'Tail & Spaw Franchising L.L.C. approval of transfer	Section XVI(B)	All outstanding obligations related to the Franchised Business must be paid, and the transferor's right to receive compensation must be subordinated and secondary to our rights. The transferee must sign a written assumption; the transferee must meet Mo'Tail & Spaw standards; the transferee must sign a then-current Mo'Tail & Spaw franchise agreement and other ancillary agreements; the transferee must successfully complete Mo'Tail & Spaw initial training, and you or the transferee must pay a transfer fee, subject to state law.
n. Our right of first refusal to acquire your business	Section XVI(D)	We have the right, exercisable by written notice to you, to purchase such rights or interests for the price and on the terms and conditions of any offer for your Franchised Business, except we may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by us must be completed within ninety (90) days after your receipt of our written notice. If we do not exercise our right of first refusal, you may complete the sale of interest to the bona fide purchaser, subject to our approval; however, if the sale to the purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to us, we will again have the right of first refusal.

Provision	Section in Franchise Agreement	Summary
o. Our option to purchase your business	Section XVIII(7)	Upon termination or expiration of your Franchise Agreement, at our option (to be exercised within thirty (30) days after termination), you must sell to us any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of your Franchised Business, at the depreciated book value, subject to state law.
p. Your death or disability	Section XVI(E)	Must transfer to an approved 3rd party within 6 months, subject to all conditions except the transfer fee, subject to state law.
q. Noncompetition covenants during the term of the franchise	Section XIX(A)(3)	No involvement in a competing business; cannot assist or deal with a competing business; cannot infringe on another franchisee's territorial rights, subject to state law.
r. Noncompetition covenants after the franchise is terminated or expires	Section XIX(B)	No involvement in a competing business for 2 years in or within 25 miles of any Mo'Tail & Spaw; no solicitation of customers of your franchise for 2 years, subject to state law. A "Competitive Business" is any business offering grooming and boarding or any other products or services offered in the Franchised Business.
s. Modification of the agreement	Section XXII(A)	The Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification.
t. Integration/merger clauses	Section XXII(A)	The Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures included in the Franchisor's now current Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the representation made in this Franchise

Provision	Section in Franchise Agreement	Summary
		Disclosure Document. Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article XX	Any claim or controversy arising out of or related to this Agreement must be settled by mandatory binding arbitration in Polk County, Iowa, subject to state law.
v. Choice of forum	Section XXII(D)	Any and all suits, actions, or other proceedings concerning, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within Polk County, Iowa (subject to applicable state law).
w. Choice of law	Section XXII(D)	The state of Iowa (subject to applicable state law).

A provision in your Franchise Agreement or Area Development Agreement that terminates the franchise on your bankruptcy may not be enforceable under federal bankruptcy law.

Area Development Relationship

Provision	Section in Area Development Agreement	Summary
a. Term of the franchise	Article VI	The term ends in accordance with the Development Schedule.
b. Renewal or extension of the term	Not applicable	

Provision	Section in Area Development Agreement	Summary
c. Requirements for you to renew or extend	Not applicable	
d. Termination by you	Not applicable	You may terminate under any grounds permitted by law.
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	Section VII	We can terminate only if you default. We can terminate the Area Development Agreement if the Franchise Agreement is terminated. Termination of the Area Development Agreement is not cause for terminating the Franchise Agreement.
g. "Cause" defined defaults which can be cured	Not applicable	
h. "Cause" defined defaults which cannot be cured	Section VII(A)	We may terminate the agreement if you fail to pay any initial franchise fee or execute any Franchise Agreement by any Fee Deadline specified in the Development Schedule; you fail to have opened and maintained in continuous operation the minimum number of Mo'Tail & Spaw Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule; if a default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or you breach or otherwise fail to comply fully with any other provision contained in this Area Development Agreement or any other agreement between the Franchisor and/or its Affiliates. However, a default under the Area Development Agreement is not cause for termination of any existing Franchise Agreements.

Provision	Section in Area Development Agreement	Summary
i. Your obligations on termination or nonrenewal	Not applicable	
j. Assignment of contract by us	Section VIII(A)	We have the right to transfer or assign all or any part of our rights and/or obligations to any person or legal entity.
k. "Transfer" by you – definition	Section VIII(B)	A transfer includes any voluntary or involuntary sale, assignment, transfer, conveyance, give away, pledge, mortgage, or otherwise encumber any interest voluntarily or involuntarily therein or in Franchisee or Franchisee assets.
l. Our approval of transfer by franchisee	Section VIII(B)	We have the right to approve all transfers but may not unreasonably withhold consent.
m. Conditions for Mo'Tail & Spaw Franchising L.L.C. approval of transfer	Section VIII(B)	All outstanding obligations related to the Franchised Business must be paid; the transferor's right to receive compensation must be subordinated and secondary to our rights. The transferee must sign a written assumption and meet Mo'Tail & Spaw standards, and you or the transferee must pay a transfer fee.
n. Our right of first refusal to acquire your business	Section VIII(C)	If we elect to purchase an interest under a bona fide offer, the closing will occur within 90 days after the date of our notice to the seller electing to purchase the interest. If we do not elect to purchase such interest within the 30-day period, you may sell or transfer their offered interests to a third party, provided that such sale or transfer (i) is made within 90 days after we give notice of its election, (ii) is made at a price and on the same material terms as those offered to us, and (iii) is made in full compliance with all applicable requirements of this Agreement.

Provision	Section in Area Development Agreement	Summary
o. Our option to purchase your business	Not applicable	
p. Your death or disability	Not applicable	
q. Noncompetition covenants during the term of the franchise	Section IX(c)	No involvement in a competing business; cannot assist or deal with a competing business; cannot infringe on another franchisee's territorial rights, subject to state law.
r. Noncompetition covenants after the franchise is terminated or expires	Section IX(B)	No involvement in a competing business for 2 years in or within 25 miles of any Mo'Tail & Spaw; no solicitation of customers of your franchise for 2 years, subject to state law. A "Competitive Business" is any business offering grooming and boarding or any other products or services that are offered in the Franchised Business.
s. Modification of the agreement	Section X(B)	The Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification.
t. Integration/merger clauses	Section X(B)	The Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties except those disclosures included in the Franchisor's now current Franchise Disclosure Document. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the representation made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section X(B)	Any claim or controversy arising out of or related to this Agreement must be settled by mandatory binding arbitration in Polk County, Iowa, subject to state law.

Provision	Section in Area Development Agreement	Summary
v. Choice of forum	Section X(E)	Any and all suits, actions, or other proceedings concerning, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within Polk County, Iowa (subject to applicable state law).
w. Choice of law	Section X(E)	The state of Iowa (subject to applicable state law)

A provision in your Area Development that terminates the agreement on your bankruptcy may not be enforceable under federal bankruptcy law.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise brand.

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 a possible performance at a particular location or under particular circumstances.

We make the following financial performance representation based on historical data from our corporate-owned Mo'Tail & Spaw location ("Corporate"). Our Corporate location presented in this Item 19 is connected to a dog park, bar, and restaurant. This franchise offering and the Facility you will operate will not include a dog park or a bar. The data included in this Item 19 does not include revenue or other data generated from the dog park and bar portion of our Corporate location. Instead, Item 19 includes only data from the portions of our businesses that provide doggy daycare, overnight dog lodging, dog grooming services, and miscellaneous income streams, such as product sales and dog transportation.

Additionally, revenue is based on capacity and the number of dog groomers you employ. The Facility that you will operate may operate at different capacities than our Corporate location for doggy daycare, overnight dog lodging, and dog grooming services. You may or may not employ as many dog groomers as our Corporate location. All these factors will play a part in your Facility's sales.

Additionally, states have different regulations; some have none. Our state's regulations limit the number of dogs we can have in doggy daycare, the number of dogs that can be in suites at one time, and other factors that affect our revenue. Lastly, different markets have varying demand on pricing levels. Pricing for doggy daycare, overnight dog lodging, and dog grooming services vary from state to state, city to city.

During the prior 3 years, there was one Mo'Tail & Spaw location in operation, which is a Corporate location. There were no Mo'Tail & Spaw franchises during that time period.

The tables below show our Corporate location's quarterly revenue by revenue stream and capacity for each stream.

Quarterly Revenue for the last three years

2025	Q1	Q2	Q3	Q4
Lodging	$319,807	$332,142	$365,501	TBD
Daycare	$179,636	$216,678	$272,009	$331,588
Grooming	$181,950	$191,348	$156,433	$256,620
Miscellaneous*	$13,788	$13,321	$11,343	$151,523
Quarter Totals	$695,181	$753,490	$805,286	$13,367
Annual Total	$3,007,055			

*Sale of products and pet transportation

2024	Q1	Q2	Q3	Q4
Lodging	$276,887	$274,114	$373,715	$305,589
Daycare	$150,581	$250,792	$236,375	$187,568
Grooming	$140,735	$155,207	$149,030	$164,619
Miscellaneous*	$9,962	$10,428	$12,885	$11,513
Quarter Totals	$578,165	$690,542	$772,005	$669,288
Annual Total	$2,710,000			

*Sale of products and pet transportation

2023	Q1	Q2	Q3	Q4
Lodging	$157,512	$171,086	$259,635	$259,826
Daycare	$123,843	$169,073	$223,206	$186,014
Grooming	$115,542	$107,633	$117,727	$127,412
Miscellaneous*	$4,483	$8,739	$11,266	$9,150
Quarter Totals	$401,379	$456,532	$611,834	$582,401
Annual Total	$2,052,146			

*Sale of products and pet transportation

Corporate location's capacity information

Lodging	Basic Suites	Deluxe Suites	Luxury Suites
	28	48	28
Total*		104	

*Iowa regulations allow up to two dogs in each suite as long as they come from the same household.

Doggy Daycare

Iowa regulations mandate that we can have a maximum of thirty (30) dogs per designated daycare area. We have three (3) indoor designated areas and four (4) outdoor designated areas.

Iowa also regulates when we can use our outdoor areas. If the temperature is below 20 degrees Fahrenheit or above 90 degrees Fahrenheit, we are unable to use our designated outdoor areas.

Iowa regulations also mandate that each dog, regardless of size, weight, or breed, must have 50 sq. ft. of space. Capacity numbers below:

Max capacity: 173 dogs

Indoor capacity: 53 dogs

Outdoor capacity: 120 dogs

Grooming

Grooming capacity is based solely on the number of groomers you employ. Our Corporate location has space for up to five (5) groomers. Groomers can take varying amounts of time per dog; not every groomer works at the same pace. The number of dogs a groomer can serve varies depending on size, coat type, and temperament.

At our Corporate location in Des Moines, IA, we have consistently employed three (3) full-time groomers and one or two (1-2) part-time groomers.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.

This Financial Performance Representation is based on historical data concerning the franchise system's outlets.

Our management prepared this financial performance representation based on the outlet's historical bookkeeping books and records. Written substantiation for the financial performance representation will be available upon a reasonable request.

Other than the preceding financial performance representation, Mo'Tail & Spaw Franchising L.L.C. does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any

other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kyle Casey or Jason Fielder at 6218 Willowmere Dr, Des Moines, IA 50321 and telephone 515-371-0719, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	1	1	0
	2024	1	1	0
	2025	1	1	0
TOTAL OUTLETS	**2023**	**1**	**1**	**0**
	2024	**1**	**1**	**0**
	2025	**1**	**1**	**0**

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(Other than Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
TOTAL	**2023**	**0**
	2024	**0**

State	Year	Number of Transfers
	2025	**0**

Table No. 3
STATUS OF FRANCHISED OUTLETS
For Years 2023 to 2025*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
All States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
TOTAL	**2023**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**0**	**0**	**0**	**0**	**0**	**0**

* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Where a franchise territory covers more than one state, the franchise, for purposes of this table, is assigned to the state where it has the bulk of its operation, which is not necessarily the same state shown in the business address in the list of franchisees, EXHIBIT G.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Iowa	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
TOTAL	**2023**	**1**	**0**	**0**	**0**	**0**	**1**
	2024	**1**	**0**	**0**	**0**	**0**	**1**
	2025	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5
PROJECTED OPENINGS
As of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Iowa	0	1	0
Texas	0	1	0
TOTAL	**0**	**2**	**0**

The number of new franchised locations projected to be opened in the next fiscal year, as presented in the table above, is an estimate based on the best information we have as of the date of this disclosure document. There is no assurance that the actual number of openings or the states in which we projected the openings will be the same as our estimates.

A list of the names, addresses, and telephone numbers of all Mo'Tail & Spaw franchisees is attached to this disclosure document as EXHIBIT H. A list of the names, last known home addresses, and telephone numbers of every Mo'Tail & Spaw franchise that has had their franchise terminated, canceled, 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 date of this disclosure document, is attached to this disclosure document as EXHIBIT H. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Our Franchise Advisory Council has not been established as of the date of this document.

As of the date of this disclosure document, there are no other trademark-specific franchisee organizations associated with the Mo'Tail & Spaw franchise system that we have created, sponsored, or endorsed, and there are no independent trademark-specific franchisee organizations that have asked to be included in our disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Our audited balance sheet as of January 31, 2026 are attached to this disclosure document as EXHIBIT I.

The franchisor has not been in business for three years or more; and, therefore, cannot include all financial statements required.

Our fiscal year ends on December 31.

ITEM 22. CONTRACTS

The following exhibits to this disclosure document are the contracts used by us in offering franchises:

EXHIBIT A	FRANCHISE AGREEMENT
EXHIBIT B	AREA DEVELOPMENT AGREEMENT
EXHIBIT C	PERSONAL GUARANTY
EXHIBIT D	RESTRICTIVE COVENANT AGREEMENT
EXHIBIT E	POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

ITEM 23. RECEIPT

The Receipt page is attached to the last page of this disclosure document. You must sign the receipt to acknowledge your receipt of this disclosure document.

EXHIBIT A. FRANCHISE AGREEMENT

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement

BETWEEN

MO'TAIL & SPAW FRANCHISING L.L.C.
FRANCHISOR

AND

_____
FRANCHISEE

_____
Location (Common Territory Name)

_____
DATED

MO'TAIL & SPAW FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the Agreement), made by and between Mo'Tail & Spaw Franchising L.L.C., an Iowa Limited Liability Company (the Franchisor), and _____, a(n) _____ (the Franchisee) on the date signed herein by the franchisor herein _____ (the Effective Date).

W I T N E S S E T H:

WHEREAS Franchisor has dedicated time, skill, effort, and money to create and develop and continues to develop a system (the System) for the establishment and operation of a distinctive type of business (referred to as a Mo'Tail & Spaw or the Franchised Business) that offers a wide array of grooming options along with basic and luxury accommodations, so your companion can relax in style while you travel; and

WHEREAS, the System consists of distinctive methods and procedures for marketing and advertising; specially designed business forms and procedures for the efficient operation of the Franchised Business; an operations manual (the Operating Manual); and specially designated equipment, techniques, and procedures for the promotion and provision of Franchisee's services; and

WHEREAS, Franchisor has invested substantial amounts of money in developing and continues to develop, use and control the use of the marks Mo'Tail & Spaw design, stylized, any derivatives thereof, and certain other trade names, business names, service marks, trademarks, logos, designs, and trade symbols (collectively referred to as the Marks) to identify to the public the source of services marketed thereunder and through the Mo'Tail & Spaw System and to represent the Mo'Tail & Spaw uniform and high standards of quality; and

WHEREAS, The mark Mo'Tail & Spaw is registered with the United States Patent and Trademark Office. This registration engenders the exclusive right to use all of the Marks and any derivatives thereof in connection with the operation of the Mo'Tail & Spaw System, as are now or may from time to time be designated in writing for use in connection with the operation of the System, and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality and service, the necessity of opening and operating the Franchised Business in conformity with Franchisor's standards and specifications as presented in Franchisor's Operating Manual and updates, and preserving the confidentiality of the System; and

WHEREAS, Franchisee has applied for a license to operate a Mo'Tail & Spaw Franchise. In reliance upon all of the representations made by Franchisee in the application and this Agreement, Franchisor has approved Franchisee's application;

NOW, THEREFORE, in consideration of the above Recital, which is incorporated herein as if fully rewritten, and the mutual promises contained herein, the parties agree as follows:

I. APPOINTMENT

A. Grant of Franchise

Franchisor grants to Franchisee the right to operate a Hotel and Spa Franchised Business (the **Model Concept**) under the System and the Marks and using the system standards set (referred to herein as "**System Standards,**" which include the terms of this Agreement, the Operating Manual (as defined here), other directives provided by Franchisor) at the location (the **Site**) and in the geographic area specified in the Territory Addendum attached as EXHIBIT 2, which thereby constitutes the collectively Franchised Business Territory (the "**Territory**"). Franchisee is herein granted the right to only sell and accept orders from the Site and only advertise, solicit, and offer to sell within the Territory Permitted Products and Services (as defined herein) in accordance with this Agreement.

Franchisee shall not offer or perform services or sell products other than to only sell and accept orders from the Site and only advertise, solicit, and offer to sell within the Territory (referred to as **Outside Territory Activity**) without Franchisor's prior written consent, which Franchise may give and withdraw as Franchisor deems appropriate, and which may be conditioned as Franchisor sees necessary or desirable. If Franchisor permits Outside Territory Activity, Franchisee must comply with all of the conditions and other requirements that Franchisor may, from time to time, specify in the Brand Standards Manuals or otherwise in writing with respect to such activities. Franchisor may at any time condition Franchisee's continued Outside Territory Activity on Franchisee's agreement to purchase the franchise rights for the territory in which the Outside Territory Activity is being performed. At any time upon our demand or upon notice from Franchisor that the territory in question has been assigned to another Franchised Business or affiliate or assignee of Franchisor, Franchisee agrees to cease all Outside Territory Activity immediately and to comply with Franchisor's procedures for the transition of customer accounts for that territory. Under no circumstances will Franchisor be liable to Franchisee for violations by other Franchised Businesses of our policies on Outside Territory Activity.

If a Site is not identified upon the signing of this Agreement, Franchisee shall execute a Site Selection Addendum (EXHIBIT 4). Franchisee acknowledges and agrees that Franchisor's approval of the Site may, in part, be conditioned on Franchisee's and the Site landlord's execution of the Lease Rider, which is included herein as EXHIBIT 5 or in another form acceptable to Franchisor. In any event, the Site of the Franchised Business must be secured by lease or other lawful rights of possession no later than 6 months. Time is of the essence. It is acknowledged and agreed that Franchisee's failure to secure a Site or Franchisor's failure to approve a Site within the aforementioned time is a material default of this Agreement, which may, among other things, be grounds for the termination of this Agreement.

Franchisee may not and is not granted the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory or operate using other Model Concepts unless we give you written consent to serve another specified area where no other Mo'Tail & Spaw franchise or company-owned unit is located. Franchisee acknowledges and agrees to obtain the prior written consent of Franchisor before advertising, offering, or selling beyond the aforementioned grant herein. If Franchisee is granted consent to service another specified area, Franchisee covenants and agrees to be obligated to pay royalty fees and other fees to Franchisor for the services performed or products sold.

B. Franchisor Restrictions

Provided that Franchisee is in compliance with this Agreement and Franchisee is not in breach of this Agreement, subject to the limitation, and except as otherwise set forth herein, Franchisor shall not establish or franchise another to establish the same Mo'Tail & Spaw Model Concept under the Mo'Tail & Spaw Marks within the Territory during the Term of this Agreement. If, for any reason, the boundaries of the Territory are moved, altered, or eliminated, Franchisor shall redefine the boundaries of the Territory to correspond as nearly as possible, in Franchisor's discretion, to Franchisee's original Territory, and Franchisor's decision shall be final and binding upon both Franchisor and Franchisee. Franchisor is not obligated to ensure that no other franchise will conduct operations in your Territory. Although such activities are discouraged, we reserve the right to determine how to respond to any such situation. Franchisor is not required to pay Franchisee any compensation for Franchisor or other franchisees soliciting or accepting orders in Franchisee's Territory. Under no circumstances will we be liable to you for violations by other Franchised Businesses of our policies on out-of-Territory sales and services.

C. Reserved Rights

Franchisor specifically reserves all rights not expressly granted to Franchisee in this Agreement. Without limiting the generality of the preceding sentence, Franchisor has the right to:

1. Own, acquire, establish, operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks outside the Territory.

2. Acquire a system of Competitive Businesses (as defined herein) with units located within the Territory or outside the Territory, subject to the provisions of this Agreement.

3. Establish or license another to establish a Mo'Tail & Spaw Model Concept, including but not limited to a storefront, brick and mortar, co-branded, pop-up, virtual, or mobile outlets that are different than the Franchised Business Model Concept within or outside the Territory under the Mo'Tail & Spaw Marks or other marks, trademarks, or services.

4. Sell or franchise others to sell the services and products authorized for Mo'Tail & Spaw Franchised Business using the Marks or other trademarks, service marks, and commercial symbols through alternate channels of distribution, venues, sites, or Model Concepts other than the Model Concept of the Franchised Business (including but not limited to storefront, brick and mortar, co-branded, pop-up, virtual, or mobile outlets, joint marketing with partner companies, direct mail, catalog sales, internet sites, and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate.

5. Franchisor, its affiliates, or a franchisee or licensee may advertise, promote, market, or sell goods or services using the Marks over the Internet, the world wide web, or any other electronic network.

6. Offer and sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks, and commercial symbols to Special Accounts as defined and per the conditions set forth in this Agreement.

7. Own, acquire, establish, operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other

proprietary marks, in Special Venues as defined in this Agreement.

D. Special Venues

Franchisor, its affiliates, or a franchisee or licensee may own, acquire, establish operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks in any temporary or permanent venue where there is a captive audience and where the primary purpose is other than patronizing a Mo'Tail & Spaw business (referred herein as a "**Special Venue**"), in the way of examples, but not an exhaustive list: malls, colleges, universities, entertainment and sports centers, military bases, transportation facilities, and housing complexes within the Territory or outside of the Territory.

E. Special Accounts

The Franchisor has the exclusive right to contract with customers or third-party delivery carriers and/or vendors whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Mo'Tail & Spaw territory or the trading area of a single Franchise, Franchisor-owned, or Affiliate-owned business (referred to herein "**Special Accounts**"). If Franchisor establishes a contract for facilities of a Special Account located in the Territory, Franchisor shall offer Franchisee the first option of providing the services to the Special Account at those facilities in the Territory at the prices and subject to the contract requirements negotiated by Franchisor with the Special Account. If Franchisee accepts the project, Franchisor will collect all amounts due from the Special Account and remit to Franchisee the amount due for products and services rendered to the Special Account, less the amount of Royalties and other fees due under this Agreement. All amounts collected from Special Accounts on Franchisee's behalf or by Franchisee from Special Accounts will be included in Franchisee's Gross Revenues for purposes of calculating Royalties and other fees due under this Agreement.

If Franchisee declines to accept the project, Franchisor will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner it deems suitable, including through other Mo'Tail & Spaw Franchisees, a Franchisor or Affiliate-owned business, or a third-party contractor. Additionally, if at any time a Special Account for any reasonable requests that services in the Territory be provided by someone other than Franchisee, Franchisor may revoke Franchisee's option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner Franchisor deems suitable.

F. Sponsorships

The Franchisor has the exclusive right to contract with vendors, suppliers, and other third-party businesses for advertising (referred to herein as "Sponsor" and "Sponsorship"). If Franchisor establishes a contract for Sponsorship in the Territory, Franchisee shall honor and display the Sponsor information and advertisements as directed by Franchisor. Franchisor may, but is not required to, share revenues from said Sponsorships with Franchisees, in Franchisor's discretion.

G. Acquisition of Competing System

If Franchisee is in compliance with this Agreement and Franchisor acquires a system of Competitive Businesses (an "**Acquired System**") during the term of this Agreement, the following terms apply:

1. Franchisor shall offer Franchisee the option to purchase and operate, as a Mo'Tail & Spaw Franchise, any unit of the Acquired System (an "**Acquired Unit**") that is both purchased by Franchisor for operation by Franchisor or an Affiliate (e.g., the unit will not be operated by a franchisee of the Acquired Systems) and is located within the Territory. Franchisor shall provide Franchisee with written notice of Franchisor's purchase of the Acquired System, the terms and conditions applicable to Franchisee's option to purchase Acquired Units, and such other information that Franchisor deems necessary to be included in the notice. The terms and conditions offered to Franchisee will include, without limitation, the following: (i) the purchase price of the unit and (ii) the requirement that Franchisee enters into Franchisor's then-current form of the franchise agreement for the Acquired Unit provided that Franchisee shall not be required to pay an Initial Franchise Fee for an Acquired Unit. If Franchisee does not elect to purchase or fails to complete the purchase of an Acquired Unit within two (2) months after its receipt of the notice, Franchisor has the right to operate itself or through an Affiliate or third-party franchisee, the Acquired Unit under any trade name or trademark other than the Marks.

2. Franchisee has no right to purchase, and Franchisor is not obligated to offer Franchisee any option to purchase any Acquired Unit that a franchisee operates under the Acquired Systems. Franchisor may franchise such units to be operated under any trade name or trademarks other than the Marks and may also franchise additional units of the Acquired Systems to be developed and operated within the Territory.

II. TERM AND RENEWAL

A. Initial Term

Except as otherwise provided, the term of this Agreement shall be for a period of 10 years commencing on the date set forth on the cover hereof.

B. Renewal

Upon the expiration of the initial term or any renewal term hereof, Franchisee may, at its option, renew this Agreement for an additional term of 10 years (the "**Successor Franchise**"), provided that at the end of each term:

1. Franchisor is still offering Franchises at the time of each renewal period;

2. Franchisee has given Franchisor written notice of its election to renew not less than six (6) months, but not more than one (1) year, prior to the end of the preceding term;

3. Franchisee is not in default under any provision of this Agreement, any amendment or successor thereto, or any other agreement or instrument between Franchisee and Franchisor or its affiliates,

approved suppliers of the System, and has substantially complied with all of the terms and conditions of all such agreements during the then-current terms;

4. Franchisee has access to and the right to remain in possession of the Site or a suitable substitute location approved by Franchisor and meets Franchisor's then-current specifications and standards for the entire term of the Successor Franchise.

5. Franchisee shall refurbish the Franchised Business to conform to the then-current trade dress, color schemes, and presentation of the Marks and Systems Standards;

6. Within thirty (30) days after delivery to Franchisee of all agreements and documents required by Franchisor for renewal, Franchisee shall execute and tender to Franchisor the then-current form of the franchise agreement and all other agreements and contracts that are normally and customarily signed by franchisees for renewal, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods;

7. Franchisee must pay Franchisor a Renewal Fee of $20,000 at the same time that Franchisee gives Franchisor the written request required by this Section. If Franchisor refuses to grant Franchisee a Successor Franchise, Franchisor shall notify Franchisee of the refusal and refund the Successor Franchise Fee paid by Franchisee. The Successor Franchise Fee is not refundable under any other circumstances; and

8. Franchisee shall comply with Franchisor's then-current qualification and training requirements, including, without limitation, any training requirements specifically designated for renewing Franchisees.

C. Interim Term

If Franchisee does not execute a Successor Agreement before the expiration of the Agreement and Franchisee continues to operate the Franchised Business, then at Franchisor's option, this agreement may be treated either as (i) expired as of the expiration date, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis (the "**Interim Term**") until terminated by either party with at least one month written notice. In the latter case, all of Franchisee's obligations will remain in full force and effect during the Interim Term as if this agreement had not expired, except the Royalty Fees, and all other fees shall be at the Franchisor's then-current rates and amounts plus an additional 2% royalty on gross revenues, and all obligations and restrictions imposed on Franchisee upon the expiration of this agreement will be deemed to take effect upon termination of the Interim Term. Except as described in this paragraph, Franchisee has no right to continue to operate the Franchised Business following the expiration of the Initial Term. If any applicable Franchise Law requires a longer notice period, the one-month period will be deemed modified to be the shortest notice period required by the Franchise Law.

III. INITIAL AND ONGOING FEES

A. Initial Franchise Fee

Franchisee shall pay Franchisor an initial franchise fee of $40,000 in cash or by check, money order, or bank draft. The initial franchise fee is fully earned, due, and payable to Franchisor upon the execution of this Agreement, in consideration of, among other things, the administrative and other expenses incurred

by Franchisor in furnishing items to Franchisee as described herein and for Franchisor's lost or deferred opportunity to franchise to others. Except as provided below, the initial franchise fee is not refundable.

B. Royalty Fee

Following the commencement of the Franchised Business and in consideration of Franchisee's continued right to utilize the System and the Marks and Franchisor's ongoing assistance as described herein, Franchisee shall pay Franchisor, without offset, credit, or deduction of any nature, 6% of Gross Revenues each week after opening ("Standard Royalty") and when open 6 full calendar months, Standard Royalty or $750 ("Minimum Royalty"), whichever is greater, each and every week thereafter (the "Royalty Fee"). Royalty Fees are due and payable by the Tuesday of each week based on Franchisee's Gross Revenues for the preceding calendar week.

C. National Advertising Contributions

Franchisee shall contribute to such national advertising fund, without offset, credit, or deduction of any nature, as Franchisor may establish for advertising for the System, a National Advertising Contribution equal to 2% of Gross Revenues or $300 per week, whichever is greater (the National Advertising Contribution). National Advertising Contributions are due and payable by the Tuesday of each week based upon Franchisee's Gross Revenues for the preceding calendar week. Franchisee shall also pay all federal, state, and local sales or use taxes that may be levied or assessed, in whole or part, on the National Advertising Contributions payable to Franchisor, regardless of whether such taxes be assessed against or payable by Franchisor or Franchisee.

D. Late Payments

Franchisee shall pay Franchisor a late fee of $150 + 5% plus interest at the rate of 18% for each Royalty Fee or National Advertising Contribution payment that is not received by Franchisor within five (5) days after the due date or the highest rate allowed by law, whichever is lower, from the date payment, is due to the date payment is received by Franchisor, regardless of any subordinate agreement that may be in effect to postpone payment of fees.

E. Gross Revenues

The term "**Gross Revenues**," as used in this Agreement, shall mean all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of the collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to customers in good faith and in accordance with Franchisor's policies, (ii) tips collected from customers and paid to employees, and (ii) any sales or excise taxes that are separately stated and that Franchisee may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

F. Technology Fee

Franchisee shall pay Franchisor a Technology Setup Fee of $2,500 to $3,000 and a Technology Fee of $300 on the Tuesday of each week, without offset, credit, or deduction of any nature, for access and use of the Mo'Tail & Spaw system and applications. Franchisor may increase the Technology Fee upon a 30-day

written notice to Franchisee. The Technology Fee shall not increase more than 10% annually for any proprietary software or applications. For any third-party software fee collected, the Technology Fee shall not be greater than 10% of the actual cost of the third-party software fees and expenses.

G. Real Estate Coordination Fee

If Franchisee opts to receive Release Estate Coordination services from Franchisor, Franchisee shall pay Franchisor a Real Estate Coordination Fee of $10,000 on the upon signing the Agreement herein.

H. Launch Marketing Package

Franchisee shall pay Franchisor $15,000 to $23,000 90 days open before the opening of the Franchised Business. This amount is paid to Franchisor for Grand Opening Marketing press releases, email campaigns, and online advertising.

I. Marketing Tactics Fee

If desired, Franchise my opt, but is not required, to obtain Franchisor Market Tactics services. The Market Tactics Fee Services are offered at three tiers: Option 1 – Good with a Marketing Tactics Fee of $3,500 per month, Option 2 – Better with a Marketing Tactics Fee of $7,500 per month, and Option 3 - Best with a Marketing Tactics Fee of $12,665 per month. Franchisor may increase the Marketing Tactics Fee upon a 30-day written notice to Franchisee. The Marketing Tactics Fee shall not increase by more than 10% annually.

J. Project Management Fee

If Franchisee opts to receive Project Management services from Franchisor, Franchisee shall pay Franchisor a Project Management Fee of $40,000, without offset, credit, or deduction of any nature, for oversight and management of the Francised Business Site build-out.

K. Method of Payment

Franchisee agrees to remit fees and any other amounts due to Franchisor hereunder via electronic funds transfer, credit card transaction (3% charge for credit card transactions) or other means as Franchisor may stipulate. Franchisee agrees to execute and deliver to Franchisor an authorization for the electronic transfer of funds (in the form attached hereto as EXHIBIT 3 or such other form as Franchisor may accept for direct debits from Franchisee's business bank operating account and comply with procedures specified by Franchisor and perform such acts as may be necessary to accomplish payment by electronic fund transfer. Franchisee authorizes Franchisor to initiate debit entries and/or correction entries to a designated checking account for payment of royalties or any other fees and amounts payable to Franchisor, including, but not limited to, attorney fees and interest. The franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment. If Franchisee has not timely reported Franchisee's Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized to debit Franchisee's account in an amount equal to 125% of the Royalty Fees and other fees and amounts payable by Franchisee for the last reporting period for which a statement of operations was received from Franchisee or alternatively in Franchisor's discretion, Franchisor shall be authorized to debit Franchisee's account an amount in accordance with the financial

information automatically generated from the Franchised Business's accounting or software application. Nothing contained in this paragraph shall be construed to waive Franchisee's obligations to submit any reports, records, or other materials required by this Agreement or waive any remedy available to Franchisor for Franchisee's failure to make timely payments. Irrespective of any designation by Franchisee, Franchisor has the right to apply any payments received from Franchisee to any past due indebtedness to Franchisor or its affiliate in such amounts and in such order as Franchisor determines.

L. Dispute of Amount Owed

Franchisee shall notify Franchisor in writing no later than 60 days of the assessment, payment, or invoicing of any amount due and owing or paid to Franchisor or its affiliate of disputed assessments, payments, or invoicing, including a description, date, basis, or evidence of the disputed payments or assessments. Franchisee acknowledges and agrees that absent Franchisee's notification of a dispute as prescribed above, Franchisee waives its right to dispute any amounts assessed, due, invoiced, or paid to Franchisor or its affiliates, and the amount of all such assessments, payments, or invoices is assumed accurate and valid.

M. Right to Payment

To the extent permitted by law, Franchisee hereby waives the benefit of all rights, statutory or otherwise and whether now or hereafter in existence, to suspend the payment of Royalty Fees, Contributions to the National Advertising, or any other amounts due under this Agreement, or to offset against such amounts, any monies allegedly due from, or any alleged obligations of Franchisor, it being the intent of Franchisor and Franchisee that the provisions of this Agreement shall operate to the exclusion of any such rights. Franchisee agrees it will not, on the grounds of any nonperformance or alleged nonperformance of Franchisor, or for any other reason, withhold payment of any Royalty Fees, Contributions to the National Advertising, or any other amounts due to Franchisor or its affiliates.

IV. OPENING OF FRANCHISED BUSINESS

A. Site

The site for a Mo'Tail & Spaw Hotel and Spa Franchised Business is a real property space (the **Site)**. The Site must be approved by and meet Franchisor's then-current site requirements and is identified in EXHIBIT 2 to this Agreement. Franchisee shall solely operate the Franchised Business from the Site.

Franchisee may relocate the Site of the Franchised Business so long as the new Site meets Franchisor's then-current Site requirements and is approved by Franchisor, and Franchisee reimburses Franchisor for any costs and expenses incurred by Franchisor in the Franchised Business relocation.

B. Schedule of Equipment

Franchisor shall provide, at no charge to Franchisee, a schedule of all equipment necessary to operate the Franchised Business.

C. Franchisee Obligations

Franchisee shall comply with all federal, state, and local laws, codes, and regulations, including the applicable provisions of the ADA regarding the construction, design, and operation of the Franchised Business. If Franchisee receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Franchisee shall provide Franchisor with a copy of such notice within five days after receipt thereof.

D. Opening Date

Franchisee shall complete all pre-opening requirements hereunder before opening the Franchised Business, and Franchisee shall open the Franchised Business, in accordance with the requirements contained herein, in the Operating Manual, and/or elsewhere in writing by Franchisor, not later than 12 months after the execution of this Agreement. Time is of the essence.

E. Notice and Franchisor's Final Inspection Approval

In connection with the opening of the Franchised Business, Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes first to open the Franchised Business for business. Franchisee agrees not to open Franchised Business without first obtaining Franchisor's final written inspection approval.

V. TRAINING AND ASSISTANCE

A. Initial Training

Prior to opening the Franchised Business, you and/or your Designated Manager, franchisee owners, and key roles shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor at a location designated by Franchisor. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the initial training program.

Franchisee acknowledges that the grant of the franchise under this Agreement is conditioned upon the successful completion of Franchisor's initial training program by Franchisee or, if Franchisee is other than an individual, the Designated Manager. If during the initial training program or within fifteen (15) days thereafter, Franchisor concludes that Franchisee or the Designated Manager, as the case may be, has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a Mo'Tail & Spaw Franchised Business per the standards and procedures of the Mo'Tail & Spaw Methods and the System, Franchisor may, in its sole discretion and judgment, cancel this Agreement and all rights hereunder by giving notice to Franchisee. Upon the cancellation of this Agreement pursuant to this paragraph, Franchisee shall return to Franchisor the Operating Manual and all other materials, information, and other items that Franchisee received from Franchisor, including all copies thereof and notes thereon. Franchisee agrees to maintain the confidentiality of all information strictly received relating to the Mo'Tail & Spaw Method and not to use, in connection with the offering or selling of grooming and boarding or similar business, any trade secrets or confidential information obtained from Franchisor.

B. Training of Replacement Personnel

If Franchisee's Designated Manager or Franchised Business Manager ceases active employment in the Franchised Business, Franchisee shall designate a new Designated Manager who meets Franchisor's then-current training requirement and is approved by Franchisor within a reasonable amount of time after the cessation of such former Designated Manager's employment, but no later than forty-five (45) days. Franchisor reserves the right to review any Franchisee-trained personnel and require that such persons attend and complete, to Franchisor's satisfaction, the initial training programs offered by Franchisor at a location designated by Franchisor.

C. Ongoing Training

Franchisor may also require that Franchisee (and/or its Designated Manager), employees, and contractors attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time.

D. Annual Meeting

Franchisor may require Franchisee (or if Franchisee is other than an individual, the Designated Manager) to attend a regional or national meeting of Mo'Tail & Spaw franchisees at a location within the United States designated by Franchisor. Franchisor reserves the right to charge Franchisee a fee for such meetings. This provision shall not be construed to require Franchisor to hold, provide, sponsor, host, or organize any such meetings.

E. Continuing Assistance

Franchisor will provide Franchisee, at no charge to Franchisee, periodic and continuing advisory assistance with technical, operational, sales, personnel, accounting, or other issues affecting the day-to-day operation of the Franchised Business in such manner and frequency as Franchisor deems advisable.

F. Training Costs

For all training courses, seminars, and programs, Franchisor shall provide instructors and training materials, provided that Franchisor reserves the right to charge a fee for refresher, remedial, and additional training it provides. Franchisee shall bear the cost of all other expenses for its attendees during the training period, including, without limitation, the costs of transportation, lodging, meals, wages, and workers' compensation insurance.

VI. SYSTEM STANDARDS

A. Standards

Franchisee acknowledges and agrees that every detail of the System is essential, not only to Franchisee but also to Franchisor, and other Mo'Tail & Spaw franchisees, to develop and maintain high and uniform operating standards, to increase the demand for the products and services offered by all franchisees, to establish and maintain a reputation for uniform, efficient, high-quality products and services, and to

protect the goodwill of all Mo'Tail & Spaw franchises. Franchisee further acknowledges and agrees that a fundamental requirement of the System, this Agreement, and other Mo'Tail & Spaw franchises is adherence by all Franchisees to the uniform specifications, standards, operating procedures, and rules prescribed by Franchisor for the development and operation of the Franchised Business (collectively referred to as System Standards).

Accordingly, Franchisee agrees to comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its sole and absolute discretion, during the term of this Agreement. Franchisee further agrees that System Standards prescribed from time to time in the Operating Manual or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully outlined in this Agreement. All references to this Agreement include all System Standards as periodically modified.

Franchisee agrees to comply with System Standards and not to deviate from Franchisor's specifications or procedures. In addition to all other remedies provided herein or otherwise, if the franchisee fails to adhere to the System Standards or Franchisee is found in violation of the System Standards, Franchisee shall reimburse Franchisor for any and all costs and expenses associated with counsel, inspection, support, assistance, enforcement rendered to and against Franchisee regarding said System Standards violation and/or non-compliance.

B. Supplier Approval

Franchisee shall purchase all supplies, equipment, marketing materials, and other products and materials required for the operation of the Franchised Business as the Franchisor designates from time to time solely from vendors and suppliers who demonstrate to Franchisor's continuing reasonable satisfaction the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved, in writing, by Franchisor and not thereafter disapproved. If Franchisee desires to purchase any items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval or shall request the supplier itself to do so. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent certified laboratory designated by Franchisor, for testing, and the actual cost of the tests shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria. Franchisor may charge a reasonable fee for the inspection, review, and approval of suppliers. Franchisor may revoke supplier approval at any time for any reason upon notice to the franchisees.

Franchisee will not make any claims against Franchisor or our affiliates with respect to any equipment, products, supplies, or services provided or sold or manufactured or rendered, or delivered directly or indirectly from a third-party vendor or supplier, whether approved or designated by Franchisor, used in the operation of the Franchised Business. THE FRANCHISOR MAKES NO WARRANTIES REGARDING ANY SAID EQUIPMENT, PRODUCTS, SUPPLIES, OR SERVICES AND HEREBY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, ANY IMPLIED WARRANTY OF QUALITY OF SAID EQUIPMENT, PRODUCTS, OR SUPPLIES, OR SERVICE, AND ANY IMPLIED WARRANTY. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN AND THAT THE FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS AGREEMENT ABSENT SUCH DISCLAIMER. Any claim with respect to any equipment, products, supplies, or services related and/or

similar matters shall be made only against the third-party vendor or manufacturer. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. Franchisor will use diligent efforts in Franchisor's sole discretion to assist Franchisees in resolving any disputes with third-party vendors or manufacturer-approved and/or designated by Franchisor.

C. Products and Services

Franchisee shall offer and sell all products and services, and only those products and services authorized by Franchisor and specified in the Operating Manual or as designated in writing by Franchisor (the "**Permitted Products and Services**"). Franchisor may unilaterally add and delete products or services to or from the Permitted Products and Services at any time. Franchisor may also designate any products or services as optional.

D. Pricing

Franchisor has the right to provide recommended and suggested pricing for the Franchised Business products and services. Franchisee shall honor all and only the currency, credit, charge, courtesy, and cash cards approved by Franchisor in writing.

E. Promotions

Franchisee shall fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by Franchisor that Franchisor requires Franchisee to participate in, including but not limited to gift certificates, memberships, specials, discounts, loyalty programs, gift card administration programs consumer relations management programs (CRM) or frequent customer programs as Franchisor may be designated from time to time. Franchisee may not create, honor, accept, or issue any gift certificates or gift cards and may only sell gift certificates or gift cards that have been issued or approved by Franchisor. Franchisee shall not issue, honor, or accept any coupons or discounts of any type except as approved by Franchisor in writing.

F. Fixtures and Furnishings

Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, signs, Computer Systems, and other equipment as may be specified by the System Standards from time to time; and shall not permit the installation of any fixtures, furnishings, signs, Computer Systems, or other equipment not conforming to the System Standards.

G. Maintenance Standards

Franchisee shall at all times maintain the Franchised Business in a high degree of cleanliness, repair, and condition, and in connection therewith and, shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, fixtures, equipment, and décor as Franchisor may direct.

H. Refurbishing

At the request of Franchisor, which may be made once every 3 to 5 years during the term of this Agreement (excluding any periods of renewal of the franchise rights, for which additional refurbishment may be required), Franchisee shall refurbish the Franchised Business at its own expense to conform to the trade dress, color schemes, and presentation of the Marks in a manner consistent with the image than in effect for the new Mo'Tail & Spaw Franchised Business under the System. Such refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements. Franchisee shall complete the refurbishing within the time period specified by Franchisor.

I. Product and Service Liability.

Franchisor disclaims all express and implied warranties and all other liability concerning any defects, malfunctions, or other deficiencies in services, inventory, fixtures, equipment, or other products and services manufactured by and/or rendered either directly or indirectly by anyone other than Franchisor or its affiliates. Franchisee agrees not to make any claims against Franchisor or its affiliates with respect to products or services that Franchisor and its affiliates did not manufacture or render, even if Franchisor or its affiliates sold the product or designated or approved its source. Franchisee is required to assert any claims only against the manufacturer or vendor of the product or service, even if Franchise obtained it through Franchisor or its affiliate.

J. Variance

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege to vary System Standards for any Mo'Tail & Spaw Franchisee based upon any condition that Franchisor deems to be of importance to the successful operation of such franchisee's business.

VII. FRANCHISED BUSINESS OPERATIONS

A. Business Operation

After opening, Franchisee shall maintain the Franchised Business in continuous operation during all normal business hours as provided for in the Operating Manual during the term of this Agreement. Franchisee shall use its best efforts to promote and develop the market for the Permitted Products and Services. The Franchised Business must at all times be under the direct supervision of Franchisee, the Designated Manager, or the Franchised Business Manager, who must devote his/her full time and energy to the operation of the Franchised Business, is approved by Franchisor, and has successfully completed Franchisor's initial training.

B. Inspection

To ensure compliance with this Agreement and System Standards, Franchisor or its designated agents have the right, at any reasonable time and without prior notice, to (i) inspect the Franchised Business, (ii) observe Franchise Owner and its employees during the performance of work; (iii) confer with the Franchise Owner, and its employees; (iv) contact and interview customers and suppliers/distributors of Franchise Owner; (v) inspect, inventory, and check any and all inventory, equipment, signage, fixtures,

furniture and operating methods of the Franchise Owner; (vi) test products and supplies; and (vii) conduct online or other surveys and secret shoppers, including tape-recorded and interviews. Franchisor may require that Franchisee furnish its customers with an evaluation form specified by the Franchisor and pre-addressed to the Franchisor. Franchisee agrees to fully cooperate with representatives of the Franchisor, making any inspection, observation, or evaluation of the work of Franchisee or its employees. If any inspection conducted by Franchisor or its designee reveals that the Franchised Business fails to meet System Standards, Franchisor may charge the then-current standard re-inspection fee, including but not limited to secret shopper costs. Franchisee's failure to achieve or exceed System Standards in two (2) inspections in any twenty (24) month period is a material breach of this agreement, for which Franchisor, in addition to its other legal and equitable remedies, may terminate this Agreement, refuse to renew the Franchise granted under this agreement, or reduce the geographic size of the Territory.

C. Payment of Liabilities

Franchisee shall at all times pay its distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such persons become due and hold Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this Agreement. In the event Franchisee shall fail to pay any such obligations promptly as the debts to such persons or entities become due, Franchisor shall, in addition to its other remedies provided in this Agreement, have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefore shall be paid by Franchisee to Franchisor with the next succeeding payment due Franchisor under this Agreement, together with interest at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

D. Payment of Taxes

Franchisee shall at all times pay its taxes on real and personal property, leasehold improvements, fixtures and equipment, and all sales, payroll, and other taxes promptly when due and hold Franchisor harmless therefrom. Franchisee's failure to do so shall constitute a breach of this Agreement. All taxes shall be paid directly to the taxing authorities prior to the delinquent date. If any taxes become delinquent, Franchisor may elect to pay the delinquent tax on behalf of Franchisee, together with penalties and interest, if any, and Franchisee agrees, upon demand of Franchisor, to reimburse Franchisor for any sums so paid by Franchisor, together with interest at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee.

E. Compliance with Law

Franchisee agrees to comply with all laws, regulations, and requirements of federal, state, municipal, and other governmental entities and agencies (including, but not limited to, Title VII of the Civil Rights Act, the ADA, the Age Discrimination in Employment Act, and any other federal, state or local employment laws relating to occupational hazards and health, consumer protection, employment discrimination, and sexual harassment), and to obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct the Franchised Business in any jurisdiction in which it operates. Franchisee agrees and acknowledges that Franchisee alone shall be responsible for compliance with the obligations under this paragraph and that Franchisor shall have no obligation with respect thereto.

F. Notice of Suit.

You are required to notify us promptly of any legal proceeding or any order of a court or government agency that may adversely affect the operation or financial condition of the Franchised Business.

G. Client Service

Franchisee acknowledges that client satisfaction is essential to Franchisee's success as well as the reputation and success of the Marks, the System, and other Mo'Tail & Spaw franchisees. Accordingly, Franchisee agrees to (i) use its best efforts to ensure the satisfaction of each of Franchisee's customers; (ii) use good faith and fair dealing in all dealings with customers, potential customers, suppliers, and creditors; (iii) respond to client complaints in a courteous, prompt, and professional manner; and (iv) use its best efforts to resolve client disputes promptly and fairly in a mutually agreeable manner. If Franchisee fails to resolve a dispute with a client for any reason whatsoever, Franchisor, in its sole discretion, may (but shall not be obligated to) investigate the matter and require Franchisee to take such actions as Franchisor deems necessary or appropriate to resolve the dispute fairly and promptly. Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

VIII. MANAGEMENT AND STAFFING

A. Non-Individual Franchisee

If Franchisee is other than an individual, it shall comply with the following requirements prior to its execution of this Agreement:

1. Franchisee shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

2. Franchisee, prior to the execution of this Agreement, shall have provided Franchisor with written information as to each shareholder, member, or partner of Franchisee ("Principals"), and the interest of each, on EXHIBIT 1 hereto, and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

3. All Principals of Franchisee shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor;

4. Each ownership certificate of Franchisee, if any, shall have conspicuously endorsed upon its face the following legend:

> "The transfer, sale, or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Mo'Tail & Spaw dated _____."

5. Copies of Franchisee's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board

of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

6. Franchisee's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

B. Designated Manager

If Franchisee is other than an individual, prior to beginning the initial training program, Franchisee shall designate, subject to Franchisor's approval, an individual (the "**Designated Manager**") who shall be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee. Criteria for Franchisor's approval of the Designated Manager may include completion of the Franchisor's initial training and other criteria as stipulated by Franchisor. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager to have been given by Franchisee decision-making authority and responsibility regarding all aspects of the Franchised Business. In the event that the person designated as the Designated Manager dies, becomes incapacitated, leaves Franchisee's employ, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly, but no event later than forty-five (45) days, designate a new Designated Manager, subject to Franchisor's approval.

C. Franchised Business Staff

Franchisee shall maintain a competent, conscientious, trained staff (who shall have been adequately trained per Franchisor Standards) in numbers sufficient to service customers promptly and properly, including at least a trained manager (or other trained supervisory employees in accordance with the Operating Manual) on duty at all times at which the Franchised Business is open (including daily Franchised Business opening and closing procedures), and take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe.

D. Compliance with the USA Patriot Act

Franchisee certifies that neither Franchisee nor any of its Affiliates, Principals, employees, or other persons associated with Franchisee is an Embargoed Person. Franchisee shall not hire or have any dealings with an Embargoed Person or permit an Embargoed Person to hold an Ownership Interest in or position as a director or officer of Franchisee. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee or any of its Affiliates, Principals, employees, or other persons associated with Franchisee being an Embargoed Person. Franchisee shall comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws. In connection with that compliance, Franchisee certifies, represents, and warrants that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its Affiliates and Principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities as stated in this agreement include Franchisee's obligations under this paragraph. Any misrepresentation by Franchisee under this paragraph or any violation of the Anti-Terrorism Laws by Franchisee, its Affiliates, Principals, or employees, will constitute grounds for immediate termination of this Agreement and any other agreement between any Franchisor-Related Person and Franchisee or any

of its Affiliates, Principals, or employees.

IX. COMMUNICATIONS AND INFORMATION SYSTEMS

A. Computer System

To ensure the efficient management and operation of the Franchised Business and the transmission of data to and from Franchisor, Franchisee, at its own expense, shall install, prior to opening the Franchised Business, and shall maintain and utilize during the term of this Agreement, such Computer Systems as may be specified by the System Standards from time to time.

1. As used in this Agreement, the term communication and information system shall mean models of communications, computer systems, point of sales systems, software, applications, and hardware used by, between, or among the Franchised Business, Including without limitation: (a) back office and point of sale systems, software, applications, mobile devices, data, audio, video, and voice storage, retrieval, and transmission systems by or for use at the Franchised Business, between or among Franchised Businesses, and between and among Franchisee's Franchised Business and Franchisor, our designee, and/or Franchisee; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) Internet and mobile access modes and applications (e.g., the form of telecommunications connection) and speed (collectively, the "Computer System").

2. Franchisee shall lease and/or purchase its Computer Systems only from Franchisor Approved vendor or vendors or suppliers. Franchisee shall not install or permit to be installed any devices, software, applications, or other programs not approved by Franchisor for use with the Computer Systems.

3. Franchisor may, from time to time, develop or authorize others to develop proprietary software programs for use in the System, which Franchisee may be required to purchase and/or license and use in connection with the Franchised Business. Franchisee agrees that it shall execute any license, sublicense, or maintenance agreement and pay any applicable fees required by Franchisor or any other approved licensor or approved vendor of such proprietary software programs.

4. If required by Franchisor, Franchisee shall obtain and maintain a contract with a vendor that Franchisor has approved in writing for software and application maintenance, support, and upgrade services for Franchisee’s Computer Systems and to provide Franchisee with such assistance as Franchisee and Franchisee’s employees may require. Franchisee acknowledges that Franchisor may be one of or the only approved vendor for such services, and if Franchisee obtains these services from Franchisor, then Franchisee agrees that it shall pay Franchisor the maintenance fee and help desk fee specified by Franchisor for such services. Notwithstanding these rights of Franchisor, Franchisor shall not at any time be obligated to provide any such services or support for the hardware or software used in the Computer Systems.

5. Franchisee shall upgrade and update its Computer Systems in the manner and when specified by Franchisor in writing.

6. Franchisee shall have the sole and complete responsibility for the manner in which Franchisee’s Computer Systems interface with other systems, including those of Franchisor and other third parties, as

well as any and all consequences that may arise if Franchisee's Computer Systems are not properly operated, maintained, and upgraded.

7. Franchisee shall: (a) promptly enter into its Computer Systems and maintain all information required to be entered and maintained by Franchisor; (b) provide to Franchisor such reports as Franchisor may request from the data so collected and maintained, (c) permit Franchisor to access Franchisee's Computer Systems at all times via modem or other means specified by Franchisor from time to time, and (d) be given the as the account owner and admins for any system or software used for business purposes. Franchisor has the right to choose to add or remove Franchisee as administrators for any account. At no time shall Franchisee alter, remove, or limit Franchisor's access or administrative rights to Franchisee's account or applications. Any such alteration, removal, or limiting is a material default under this Agreement. Franchisee shall cooperate with Franchisor and shall execute all documents required by Franchisor to permit access to Franchisee's Computer Systems and data contained therein. The reporting requirements set forth in this Section shall be in addition to and not in lieu of the reporting requirements set forth otherwise in this Agreement.

8. Any and all data collected or provided by Franchisee, downloaded from Franchisee's Computer Systems, and otherwise collected from Franchisee's system by Franchisor and/or provided to Franchisor is and shall be owned exclusively by Franchisor, and Franchisor shall have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee, including, but not limited to, the disclosure or distribution of such information to other franchisees of Franchisor, or the disclosure of such information to prospective franchisees of Franchisor, by inclusion in Franchisor's franchise disclosure document or otherwise; however, Franchisee is hereby licensed (without any additional fee) to use such data solely for the purpose of operating the Franchised Business, and such license shall automatically and irrevocably expire when this Agreement terminates or expires, without additional notice.

B. Telephone and Electronic Mail, Text, and Messaging

1. Franchisee shall maintain telephone, electronic mail, text, and messaging services and features for use exclusively by the Franchised Business as required by Franchisor in the Operations Manual or otherwise communicated to Franchisee from time to time.

2. Franchisee acknowledges that, at all times, The Franchised Business telephone number(s), electronic mail, text, and messaging account(s), and listing(s) will remain in the name, and sole property, of Franchisor, provided that Franchisee will be responsible for any and all costs, expenses, and deposits associated with the Franchised Business telephone numbers(s), electronic mail, text, and messaging account(s)and listings(s) including without limitation any deposits, connection, installation, maintenance, storage, and usage fees.

3. Franchisee agrees to advertise the Franchised Business (at the Franchisee's expense) in all telephone directories or other directories as Franchisor designates, using only such advertisements as may be approved by Franchisor.

X. RECORDS AND REPORTS

A. Records

During the term of this Agreement, Franchisee shall maintain and preserve, for at least seven (7) years

from the date of their preparation, full, complete, and accurate books and records of accounts prepared in accordance with generally accepted accounting principles and client files and records pertaining to the Franchised Business granted pursuant to this Agreement, all in the form and manner prescribed by Franchisor in the Operating Manual or otherwise in writing. In connection with its maintenance of such accounts and records, Franchisee, at its expense, shall:

1. Submit to Franchisor, on or before the Tuesday of each week during the term of this Agreement, a Gross Revenue Report and statement of operations in the form prescribed by Franchisor and certified by Franchisee or the Designated Manager, accurately reflecting Franchisee's Gross Revenues and the results of operations of the Franchised Business, respectively, during the preceding period, along with such other data or information as Franchisor may require.

2. Submit to Franchisor monthly, quarterly, and/or annual financial reports, including balance sheets, cash flow statements, profit and loss statements, and other reports as required by Franchisor. All reports shall be submitted in a timely manner in accordance with Franchisor's schedule, and all reports shall be certified by Franchisee or the Designated Manager to accurately reflect, respectively, the financial condition of the Franchised Business.

3. Submit to Franchisor signed copies of the federal income tax returns for the previous tax year, as filed with the Internal Revenue Service, of Franchisee and of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, on or before April 30 of each year, or, if the taxpayer has received an extension of time to file and submits to Franchisor a signed, file-stamped copy of IRS Form 4868 or 2688, as applicable, then within fifteen (15) days after the final due date for such return, but in no event later than October 30th.

4. Submit to Franchisor for review or auditing such other forms, reports, bank statements, client files, records, information, and data as Franchisor may designate, in the form and at such times and places as Franchisor may request.

5. Purchase, install, and enter all sales, transactions, and all data as franchisor may require into the software and applications as Franchisor may designate for automating the reporting of financial information and payment of recurring fees pursuant to this Agreement, including, but not limited to, Internet or intranet reporting and pre-authorization of electronic fund transfer or bank debit.

6. In addition to all other remedies provided in this Agreement, Franchisee agrees to pay Franchisor a late fee of $10 per day for any reports that are not received by Franchisor within five (5) days after the due date of such reports from the date payment is due to the date payment is received by Franchisor.

B. Franchisor Audits and Inspection

At all times during the term of this Agreement and for a period of three (3) years after the termination or expiration of this Agreement, Franchisee covenants and agrees to permit Franchisor or its designated agents at all reasonable times, to examine, at Franchisor's expense and at such location as Franchisor may reasonably select, Franchisee's books and records of accounts, bank statements, canceled checks, client files, federal, state, and local income tax, sales and use tax, and payroll tax returns, the federal income tax returns of any Principal who owns an ownership interest in Franchisee greater than or equal to fifty percent, and any other information or records pertaining to the Franchised Business (collectively referred to as Franchisee's Business Records). If such an inspection should reveal that Gross Revenues have been

understated in any report to Franchisor, then Franchisee shall immediately pay the amount of Royalty and other fees and amounts due with respect to such understatement, plus the late fees and interest as provided by this Agreement. In addition, if the audit is initiated due to franchisee's non-compliance with the terms herein or the Operating Manual or if an inspection reveals an understatement of Gross Revenues of three percent (3%) or more for any monthly period so inspected, or if an inspection is prompted by Franchisee's failure to maintain any records or to timely submit any report or other information required by this Agreement, then Franchisee shall also reimburse Franchisor for any and all costs and expenses of such inspection (including, without limitation, wages paid by Franchisor to its employees, travel expenses, and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. Franchisor shall also have the right, at any time, to have an independent audit made of Franchisee's Business Records.

C. Authorized Disclosure

Franchisee hereby authorizes (and agrees 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 Franchisee does business to disclose to Franchisor any requested financial information in their possession relating to Franchisee or the Franchised Business. Franchisee authorizes Franchisor to disclose data from Franchisee's reports if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

XI. INDEMNIFICATION AND INSURANCE

A. Indemnification

Franchisee is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership, and operation of the Franchised Business and all claims or demands for damages to property or for injury, illness, or death of persons, directly or indirectly arising out of, or in connection with, possession, ownership or operation of the Franchised Business or the actions or omissions of Franchisee, its employees, officers, managers, representatives, and agents. Franchisee shall provide written notice to Franchisor of any and all demands for damages, claims, civil, administrative, or regulatory suits, complaints, or actions, demands for arbitration, mediation, filed against Franchise or Franchisee's owners, employees, or agents, no more than 14 days from service of any of the aforementioned.

Franchisee agrees to indemnify, hold harmless, and, at the Franchisor's request, defend the Franchisor and its affiliates and franchisees, and their agents, employees, attorneys, successors, and assigns against any and all claims, suits, demands, losses, damages, or liabilities, and all related expenses, including reasonable attorneys' fees and court costs, which directly or indirectly arising out of, in connection with, or as a result of possession, Franchisee's ownership or operation of the Franchised Business or the acts or omissions of Franchisee. This indemnity obligation will continue in full effect even after the expiration, transfer, or termination of this Agreement. The Franchisor's right to indemnity under this Agreement will arise and be valid, notwithstanding that joint or concurrent liability may be imposed on the Franchisor by statute, ordinance, regulations, or other laws. As an Indemnitee, Franchisor may elect to assume the defense of any Action subject to this indemnification and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

B. Insurance

Franchisee must obtain and provide Franchisor with evidence of insurance in at least the minimum amounts and with the coverages specified in the Operating Manual or otherwise by Franchisor. Evidence of this insurance must be initially provided before beginning the operation of the Franchise Business. Certificates of renewal must be provided no later than 10 days before the expiration date of each policy. If Franchisee fails to maintain insurance as required or does not provide Franchisor with evidence of any required insurance policies at any due date, in addition to any other remedies available to Franchisor, Franchisor may purchase that insurance at the Franchisee's expense. Franchisee shall reimburse Franchisor on demand for Franchisor's cost in obtaining said insurance together with a 20% surcharge of the said cost of insurance plus interest at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less, from the date of payment by Franchisor to the date of reimbursement by Franchisee. Each required policy of liability insurance must name Franchisor as an additional insured and must provide that Franchisor will be given at least 30 days' notice before cancellation, modification, or amendment of the policy.

XII. PROPRIETARY MARKS

A. Use by Franchisee

Franchisee's right to use the Marks as granted in this Agreement is limited to their use in connection with the operation of the Franchised Business as stated herein and as set forth in the Operating Manual or as may be prescribed in writing by Franchisor from time to time. Franchisor retains the right to modify or discontinue the Marks at its discretion. Franchisee, at its cost and expense, shall modify or discontinue the use of the Marks as Franchisor modifies or discontinues. Franchisor is not required to reimburse or compensate Franchisee for any modification or discontinuation of the Marks.

B. Exclusive Property of Franchisor

Franchisee acknowledges Franchisor's right, title, and interest in and to the Marks, along with the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in the System, are exclusive to Franchisor. Except as expressly provided by this Agreement, Franchisee shall acquire no right, title, or interest therein, and any and all goodwill associated with the system and the Marks shall inure exclusively to Franchisor's benefit. Upon the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the system or the Marks.

C. Infringement by Franchisee

Franchisee acknowledges that the use of the Marks outside of the scope of this Agreement without Franchisor's prior written consent is an infringement of Franchisor's rights, title, and interest in and to the Marks. Franchisee expressly covenants that during the term of this Agreement and after the expiration or termination hereof, Franchisee shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Marks or take any other action in derogation thereof.

D. Infringement by Others

Franchisee shall promptly notify Franchisor of any use of the Marks or any colorable variation thereof by

any person or legal entity other than Franchisor or any of its representatives, agents, or other Franchisees, or any other mark in which Franchisor has or claims a proprietary interest. Franchisee further agrees to notify Franchisor promptly of any litigation instituted by any person or legal entity against Franchisor or Franchisee involving the Marks. In the event Franchisor, in its sole discretion, undertakes the defense, prosecution, or settlement of any litigation relating to the Marks, Franchisee agrees to execute any and all documents and to render such assistance as may, in the opinion of Franchisor, be reasonably necessary to carry out such defense, prosecution, or settlement. In the event that any party demonstrates, to Franchisor's sole satisfaction, a superior right to use any of the Marks, Franchisee shall, upon demand by Franchisor, discontinue its use of such Mark(s) and adopt, at Franchisee's sole cost and expense, any Mark(s), if any, selected by Franchisor to replace such discontinued Mark(s).

E. Improper Use

Franchisee shall not use any of the Marks, or any derivative or a colorable variation thereof: (i) as part of Franchisee's corporate or other legal names; (ii) on or as part of any Website, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines, or other similar services (without Franchisor's prior written consent); (iii) with any prefix, suffix (including, but not limited to, the word "Inc."), or other modifying words, terms, designs, or symbols; or (iv) in any modified form. Franchisee shall not register any of the Marks, or any derivative or a colorable variation thereof, as a service mark, trademark, or internet domain name, or hold out or otherwise employ the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as could reasonably result in making Franchisor liable therefore or that may harm, tarnish, or impair Franchisor's reputation, name, services, or Marks. The provisions of this paragraph shall survive the expiration, termination, or cancellation of this Agreement.

F. Non-exclusive Use

Franchisee expressly acknowledges and agrees that this license to use the Marks is non-exclusive, and Franchisor has and retains the rights, among others:

1. To grant other licenses for the use of the Marks, in addition to those already granted to existing franchisees and to Franchisee; and

2. To develop and establish other systems and programs utilizing the same or similar Marks, or any other proprietary marks, and to grant franchises therein without granting Franchisee any rights therein;

G. Use by Others

Franchisee shall not permit any third party to imprint the Marks on any products, materials, documents, and supplies utilized by Franchisee in connection with the operation of the Franchised Business without first obtaining the consent of Franchisor and causing such third party to execute a license agreement as specifically provided for in this Section of this Agreement.

XIII. CONFIDENTIAL OPERATING MANUAL

A. Business Operations

In order to protect the reputation and goodwill of Mo'Tail & Spaw System and to maintain uniform standards of operation under the Marks, Franchisee shall conduct its operations hereunder in accordance with the Operating Manual, as the same may be amended or modified from time to time.

B. Confidentiality

The Operating Manual shall, at all times, remain the sole property of Franchisor. Franchisor treats the Operating Manual and all information contained therein as confidential and proprietary. Franchisee shall treat the Operating Manual and all information contained therein as confidential and proprietary and shall use all reasonable efforts to maintain such information as confidential and proprietary. Franchisee shall also ensure that its employees treat the Operating Manual and all information contained therein as confidential and proprietary. Franchisee shall not at any time copy, duplicate, record, or otherwise make the same available to any unauthorized person. The foregoing provisions shall survive the expiration, termination, or cancellation of this Agreement.

C. Modification

Franchisor shall have the right to add, delete, or otherwise modify the Operations Manual from time to time to reflect changes in any of the System Standards, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. All additions, deletions, or modifications to the Operating Manual and System Standard shall be effective five (5) days after the Franchisor has given notice to Franchisee or as directed by Franchisor. Franchisee agrees to comport with said additions, deletions, or modifications to the Operations Manual and System Standards at its own cost and expense. Any such modifications, enhancements, and replacements may require Franchisee to incur costs and expenses. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance, enhancements, modifications, and replacements in accordance with updated System Standards. Franchisee shall at all times ensure that its copy of the Operations Manual is kept secure, current, and up to date, and in the event of any dispute as to the contents of the Operations Manual, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's home office shall be controlling. Upon Franchisor's request, Franchisee will cooperate in the efficient return of all Operations manuals that have been identified by the Franchisor as obsolete.

XIV. CONFIDENTIAL INFORMATION

A. Use of Confidential Information

Franchisee shall not, during the term of this Agreement and thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the Mo'Tail & Spaw Method, the System, or the methods of operation hereunder that may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's business operations under the terms of this Agreement. Franchisee shall divulge such confidential information only to such employees as must have access to it in order to operate the Franchised Business as described herein. In connection therewith, Franchisee shall be fully responsible for ensuring that its employees comply with this Section.

B. Use of and Improvements to the Method

In order to assure maximum uniformity of quality and service in all treatments provided by all Mo'Tail & Spaw employees and staff, Franchisee agrees to follow the procedures prescribed by Mo'Tail & Spaw methods strictly. As Franchisor develops or learns of improvements, enhancements, or innovations in the procedures and techniques embodied in the Mo'Tail & Spaw Method, Franchisor will disseminate such information to all franchisees of the system and authorize their use in the Franchised Business. In return and in consideration, therefore, Franchisee agrees that any idea or suggested innovation or variation that may tend to enhance or improve the Mo'Tail & Spaw Method that Franchisee develops, discovers, or otherwise becomes aware of during the term of this Agreement shall be submitted to Franchisor for its evaluation for adoption and use, and Franchisee agrees that all proprietary rights to such ideas, innovations, improvements, enhancements, or variations created or acquired by Franchisee or any of its employees shall belong exclusively to Franchisor and may be made available to all Mo'Tail & Spaw and Mo'Tail & Spaw franchisees and Mo'Tail & Spaw licensees.

C. Remedies

Franchisee acknowledges that any failure to comply with this Section will cause Franchisor irreparable injury, and Franchisee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of or any injunction against a violation of the requirements of this Section.

D. Preservation of Confidentiality

Franchisee shall require Franchisee's Principals, directors, officers, and managers, at the time of the commencement of their association with Franchisee, to execute confidentiality agreements, in a form approved by Franchisor, requiring that all information is proprietary or confidential hereunder that may be acquired by or imparted to such persons in connection with their association with Franchisee be held in strict confidence and used solely for the benefit of Franchisee's Franchised Business and Franchisor, at all times during Franchisor's association with Franchisee and thereafter. Such covenants shall include specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce the same.

XV. ADVERTISING

A. Advertising

Recognizing the value of advertising and the importance of consistency of advertising and promotion to the furtherance of the goodwill and public image of the System, the parties agree that Franchisor shall conduct, determine, maintain, and administer all national and/or regional advertising funds that are or may hereafter be established pursuant to this Section, and shall have sole discretion over the concepts, materials, media, type, nature, scope, frequency, place, form, copy, layout, and content of all national, regional, and local advertising, and accordingly agree as follows:

B. National Advertising Contributions

Franchisee shall make National Advertising Contributions in the amount of 2% of Gross Revenues or $300 per week, whichever is greater payable every week to such national advertising fund ("**National**

Advertising Fund") as Franchisor may establish for advertising for the System.

1. The National Advertising Fund shall be maintained and administered by Franchisor as follows*:*

2. Franchisee agrees and acknowledges that the National Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of all franchisees within the System or within a region, as the case may be, and that Franchisor is not obligated to administer the National Advertising Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchise benefits directly or pro-rata from the placement of advertising.

3. The National Advertising Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, researching, directing, and preparing advertising and/or promotional activities, including, without limitation, the costs of preparing and conducting advertising campaigns in various media; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; product development; and developing and providing promotional and other marketing materials for franchisees in the System.

4. Franchisor and/or its affiliates may, but are not required to, contribute to the National Advertising Fund on the same basis as assessments required of comparable franchises within the System for each company-owned location.

5. Franchisee shall contribute to the National Advertising Fund separately via transaction payable to the Mo'Tail & Spaw National Advertising Fund or such other designation as Franchisor may, from time to time, prescribe. Such sums shall not be used to defray any of Franchisor's expenses except for such reasonable salaries, overhead, and administrative, accounting, legal (including, without limitation, the defense of any claims against Franchisor and/or Franchisor's designee regarding the management of the National Advertising Fund) and other costs, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the National Advertising Fund or advertising programs for franchisees and the System, including the costs of enforcing contributions to the National Advertising Fund required under this Agreement and the costs of preparing a statement of operations. The National Advertising Fund and its earnings shall not otherwise inure to the benefit of Franchisor.

6. It is anticipated that all contributions to and earnings of the National Advertising Fund shall be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the National Advertising Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from the previous year(s), next out of earnings in the current year, and finally from contributions.

7. Franchisees who contribute to the fund may obtain an annual summary of the expenditures after April 30th of each year upon Franchisor's written request. The National Advertising Fund is not required to have an independent audit.

8. Franchisee agrees that Franchisor (and any designee of Franchisor) shall not have any direct or indirect liability or obligation to Franchisee, the National Advertising Fund, or otherwise with respect to the management, maintenance, direction, administration, or otherwise of the National Advertising Fund. Franchisee further agrees that Franchisor shall not be liable for any act or omission, whether with respect

to the National Advertising Fund or otherwise, which is consistent with this Agreement or other information provided to Franchisee or which is done in subjective good faith. Franchisee and Franchisor, each having a mutual interest and agreeing on the critical practical business importance of his or her relationship being governed solely by written instruments signed by the parties to be bound (and not having either party subject to the uncertainty inherent in the application of legal or other concepts not expressly agreed to in writing by both parties), agree that their rights and obligations with respect to the National Advertising Fund and all related matters are governed solely by this Agreement and that neither this Agreement nor the National Advertising Fund is in the nature of a "trust," "fiduciary relationship" or similar special arrangement, but is only an ordinary commercial relationship between independent businesspersons for their independent economic benefit.

9. The National Advertising Fund is not and shall not be an asset of Franchisor.

10. Although Franchisor intends the National Advertising Fund to be of perpetual duration, Franchisor maintains the right to terminate any Fund. No Fund shall be terminated, however, until all money in the Fund has been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions.

C. Franchise Advisory Council

Franchisee shall participate, at Franchisee's sole expense, in local, regional, and national franchise advisory committees or councils if established or sanctioned by Franchisor. The Council shall serve in an advisory capacity only and will not have the authority to establish or modify our policies or to direct or control the use of our Marketing. Franchisor shall have the power to determine membership, the election of Council Officers, and to change or dissolve the Franchise Advisory Committees.

D. Advertising Materials

In addition to any other advertising requirements described in this Agreement, Franchisee shall obtain and maintain an adequate supply of brochures, pamphlets, and special promotional materials of such kind and size as Franchisor may reasonably require from time to time in the Operating Manual or otherwise in writing.

E. The Delegation of Franchisor's Duties

Franchisor shall have the right to delegate and redelegate its responsibilities and duties under this Agreement to any designee(s) of its choosing, provided, however, that the right of final approval of all advertising programs shall be retained at all times by Franchisor.

F. Website, Social Media, and Other Media

Franchisee specifically acknowledges and agrees that any Website (as defined below) is "advertising" under this Agreement and is subject to (among other things) Franchisor's approval. As used in this Agreement, the term website means an interactive electronic document, a series of symbols, or otherwise, that is contained in a network of computers or other devices linked by communications software. The term Website includes but is not limited to the internet, World Wide Web home pages, URL addresses, and Social Media accounts and pages. In connection with any Website, Franchisee agrees to the following:

1. Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, any or all of the Permitted Products and Services, Mo'Tail & Spaw Franchised Business, the franchising of Mo'Tail & Spaw Franchised Business, and/or the System.

2. Franchisor shall have the sole right to control all aspects of the Website, including, but not limited to, its design, content, functionality, links to the websites of third parties, legal notices, policies, and terms of usage. Franchisor shall also have the right to discontinue the operation of the Website.

3. Franchisor shall have the right, but not the obligation, to designate one or more web pages to describe Franchisee, the Franchise, or the Franchised Business, with such web pages to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance, and content of any such web pages, and Franchisor shall have the right to limit and discontinue the content and operation of such a Website and web pages.

4. Franchisee may advertise and promote the Franchised Business via social media, which may be comprised of pages, communications, and content located on third-party platforms using the Proprietary Marks as specified by Franchisor (collectively, "Franchisee's Social Media"), provided that Franchisor is granted ownership and/or administrator access to the Franchisee's social media. All uses of the Franchisee's social media and communication channels must be established in accordance with and at all times be in compliance with the Operating Manual and System Standards.

5. Franchisee shall not establish a separate Website or Social Media account without Franchisor's prior written approval.

6. Franchisee agrees not to transmit or cause any other party to transmit consumer advertising or solicitation by e-mail or other digital media without the Franchisor's prior written consent.

7. Franchisor shall be granted and given ownership and/or administrator access to Social Media accounts at all times. All uses of social media and communication channels. Franchisor shall have, and Franchisee shall grant Franchisor the sole ownership of all related intellectual property rights in all social media and other media and digital accounts, and all content posted on social media.

8. Franchisor shall have the right to modify the provisions of this Section relating to Websites, social media, and other media as Franchisor shall solely determine if it is necessary or appropriate for the best interests of the System.

G. Approval of Advertising

All advertising by Franchisee in any medium shall be conducted in a dignified manner, shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising and to such standards and requirements as Franchisor may specify from time to time in writing, and shall give notice that the Franchised Business is independently owned and operated. Franchisee shall submit to Franchisor, for Franchisor's prior approval (except with respect to prices to be charged), samples of all advertising and promotional plans and materials (including, but not limited to, signs and vehicles), and all other materials displaying the Marks that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Unless Franchisee receives a written objection thereto from Franchisor within fifteen (15) days after the date Franchisor received such plans and materials, Franchisor shall be deemed to have given the required approval. At Franchisor's request, Franchisee will promptly

modify, take down, remove from publication, and/or discontinue any Advertising (including but not limited to Internet marketing material), which the Franchisor directs in its discretion. Franchisee shall display the Marks in the manner prescribed by Franchisor on all signs and all other advertising and promotional materials used in connection with the Franchised Business.

H. Copyright to Advertising

Franchisee acknowledges and agrees that any and all copyrights in and for advertising and promotional materials developed by or on behalf of Franchisee which bear the Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other franchisees of Franchisor without any compensation to Franchisee.

I. Local Advertising

Franchisee shall conduct advertising, promotion, and public relations within the local area to be serviced by the Franchised Business (Local Advertising). It is suggested that Franchisee spends at least Up to 2% of Gross Revenues every week for Local Advertising to generate public interest and awareness of the Franchised Business and to adequately penetrate the market for Franchisee's products and services within Franchisee's trading area. Franchisee shall submit proof of local advertising spending to franchisor by the 10th day following the end of each fiscal quarter.

J. Regional Advertising Cooperatives

Franchisor may, at its discretion, designate any geographical area in which at least two Mo'Tail & Spaw Franchised Businesses are located for the purpose of establishing a local or regional marketing and advertising cooperative (Cooperative). Franchisee shall take appropriate steps to establish and participate in a Cooperative if required to do so by Franchisor. If a Cooperative for the geographical area in which the Franchised Business is located has already been established when Franchisee opens the Franchised Business, then Franchisee shall immediately become a member of the Cooperative under the terms of its governing documents. If a Cooperative for the geographical area in which the Franchised Business is located is established during the term of this Agreement, Franchisee shall immediately become a member of the Cooperative and take all steps necessary to become a member. In no event shall Franchisee be required to be a member of more than one Cooperative for the Franchised Business established under this Agreement. The following provisions apply to each Cooperative:

1. Each Cooperative will be organized and governed in a form and manner prescribed or approved by Franchisor in writing and will commence operations on a date specified by Franchisor. Any disputes arising between Franchisee on one side and other franchisees in the Cooperative or the Cooperative on the other side will be resolved in accordance with the rules and procedures in the Cooperative's governing documents. Each member of a Cooperative, whether Franchisor, an affiliate of Franchisor, or a franchisee

of Franchisor, will be entitled to one vote for each Franchised Business operated by the member in the geographical area for which the Cooperative is established.

2. Franchisor, in its sole discretion, shall establish the geographical area covered by each Cooperative by determining the common coverage areas of advertising media relevant to the particular geographic market, the Metropolitan or Metropolitan Statistical Area, industry practices, or Franchisor's advertising policies.

3. Each Cooperative will be organized for the exclusive purpose of administering local or regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local or regional advertising and promotion.

4. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor pursuant to the procedures in this Section of this Agreement.

5. Each month that a Cooperative is in existence for Franchisee's geographical area, Franchisee shall contribute to the Cooperative an amount specified by Franchisor or Cooperative (the Cooperative Contribution). Franchisee's Cooperative Contribution will not be credited toward the National Advertising Contribution required by this Section.

6. The members of the Cooperative will determine the amount of the Cooperative Contribution in accordance with its governing documents, but the Cooperative Contribution may not exceed the monthly Suggested Local Advertising Expenditure provided above. Franchisee shall pay its Cooperative Contribution, together with any statements or reports that Franchisor or the Cooperative (with Franchisor's prior written approval) may require, on a date each month determined by the Cooperative but no later than the tenth day of each month.

7. Within thirty days after the end of each calendar month, each Cooperative will prepare and submit to Franchisor financial statements presenting the financial position and results of operations of the Cooperative for the preceding month. Each member of the Cooperative will be entitled to receive a copy of the Cooperative's financial statements upon request.

8. For each of Mo'Tail & Spaw Franchised Businesses operated by Franchisor or an affiliate of Franchisor in a geographical area for which a Cooperative has been established, Franchisor shall make a Cooperative Contribution on the same basis as assessments required of comparable franchises that are members of the same Cooperative.

9. Cooperatives established by Franchisor are intended to be of perpetual duration. However, Franchisor maintains the right to modify, merge, or dissolve any Cooperative. Franchisor shall use any unexpended monies from the dissolved Cooperative only for advertising or promotional purposes for the System.

10. Franchisee acknowledges that Mo'Tail & Spaw Franchised Business operated by other franchisees of Franchisor, even though located in the same geographical area in which the Franchised Business is located, may be operating under franchise agreements containing terms that vary substantially from the terms of this Agreement, and consequently, may not be required to participate in Cooperatives.

XVI. TRANSFERABILITY OF INTEREST

A. Transfer by Franchisor

Franchisor shall have the right to transfer or assign all or any part of its rights and/or obligations herein to any person or legal entity, including a subfranchisor specifically responsible for assisting Franchisee. Franchisee agrees to execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

B. Transfer by Franchisee

Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and, if Franchisee is other than an individual, Franchisee's Principals, and that Franchisor has entered into this Agreement in reliance upon the business skills and financial capacity of Franchisee and, if Franchisee is other than an individual, Franchisee's Principals. Accordingly, neither Franchisee, nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchise, shall sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest therein or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without the opportunity to cure. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Franchisee or in this Franchise; provided, however, that prior to the transfer, Franchisor may, in its sole discretion, require that:

1. All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Business shall have been satisfied.

2. The transferor's right to receive compensation pursuant to any agreement for the purchase of any interest in Franchisee or in the Franchised Business shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from the transferor or Franchisee pursuant to this Agreement, whether arising before or after the transfer.

3. The transferee franchisee shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement prior to and after the date of the assumption.

4. The transferee franchisee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to operate the Franchised Business.

5. The transferee franchisee shall execute Franchisor's then-current form of the franchise agreement and such other ancillary agreements as Franchisor may require for a term ending on the expiration date of this Agreement and with such renewal term(s) as provided in the then-current Franchise Agreement.

6. At the transferee franchisee's expense, and upon such other terms and conditions as Franchisor may reasonably require, the transferee Franchisee, its Designated Manager, and other persons that are

normally and customarily required to attend training must satisfactorily complete Franchisor's training requirements then in effect for franchisees.

7. Any right of Franchisee to any payments from the transferee franchise resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee franchisee subsequent to the effective date of the transfer, and Franchisee and the transferee Franchisee shall execute any and all instruments reasonably required by Franchisor to evidence such liability.

8. Either Franchisee or the transferee Franchisee shall pay Franchisor a transfer fee of $20,000. The transfer fee shall be due and paid upon Franchisee's request for consent to the proposed transfer. The Transfer Fee is non-refundable. No transfer fee will be required in the case of a transfer of Franchisee's interest under this Agreement to an entity formed solely for the convenience of ownership in accordance with the provisions of this Agreement.

9. Notwithstanding the provisions of Subsection above, neither Franchisee nor any Principal of Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchised Business, shall pledge, mortgage, grant a security interest, or otherwise encumber any interest in this Agreement, in the franchise granted hereunder, or in Franchisee (whether or not in connection with an absolute transfer of an interest in the Franchised Business). Franchisor shall not be obliged to consent to any such transfer.

C. Transfer to Controlled Entity

In the event that Franchisee proposes to transfer all of its interest in the Franchised Business to an entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

1. Franchisee shall own a controlling interest in the transferee entity;

2. The transferee entity shall be newly organized, and its charter, articles of organization, bylaws, partnership agreement, or operating agreement shall provide that its activities are confined exclusively to operating the Franchised Business;

3. Franchisee, prior to the transfer, shall have provided Franchisor with written information as to each Principal of the transferee entity and the interest of each and shall promptly notify Franchisor of any changes in any such information during the term of this Agreement;

4. The transferee entity shall designate a Designated Manager in compliance with this Agreement;

5. All Principals of the transferee entity shall enter into an agreement, in a form satisfactory to Franchisor, unconditionally guaranteeing the full payment and performance of the transferee entity's obligations to Franchisor;

6. Each ownership certificate of the transferee entity, if any, shall have conspicuously endorsed upon its face the following legend:

> "*The transfer, sale, or pledge of these shares is subject to the terms and conditions of a Franchise Agreement with Mo'Tail & Spaw Franchising L.L.C. dated _____.*"

7. Copies of the transferee entity's articles of incorporation or organization, bylaws, partnership agreement, operating agreement, and other governing documents, including the resolutions of the Principals or Board of Directors authorizing the execution of this Agreement, shall be furnished to Franchisor for its approval; and

8. The transferee entity's name shall not consist of or contain the Marks or any colorable variation thereof or any other mark in which Franchisor has or claims a proprietary interest.

D. Franchisor's Right of First Refusal

If Franchisee or its Principals shall at any time decide to sell, transfer, or assign any right or interest under this Agreement and/or the franchise granted pursuant hereto, Franchisee or its Principals shall first obtain a bona fide, executed, written offer from a responsible and fully disclosed purchaser and shall submit an exact copy thereof to Franchisor. For a period of thirty (30) days after the date of delivery of such offer to Franchisor, Franchisor shall have the right, exercisable by written notice to Franchisee or any of its officers, to purchase such rights or interests for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Any purchase by Franchisor must be completed within ninety (90) days after Franchisee's receipt of Franchisor's written notice of its intent to purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Principals may complete the sale of such interest to the bona fide purchaser, subject to Franchisor's approval of the purchaser as provided herein; provided, however, if the sale to such purchaser is not completed within one hundred twenty (120) days after the delivery of the offer to Franchisor, Franchisor shall again have the right of the first refusal herein provided.

E. The right of Franchisee's Heirs upon Death or Disability of Franchisee

A transfer to the heirs, surviving spouse, or personal or other legal representatives of Franchisee (collectively, Involuntary Transferees) upon the death or legal disability of Franchisee shall not be subject to Franchisor's right of first refusal above or right to terminate for failure to obtain written approval for Transfer as provided herein, so long as the Involuntary Transferees (i) satisfy Franchisor that they are qualified to act as a franchisee, and (ii) perform all other applicable acts required of a Transferee and Transferor as prescribed this Agreement. Such transfer shall be made within one hundred eighty (180) days after the death or disability of Franchisee, or Franchisor, at its option, may terminate this Agreement, whereupon all rights granted to Franchisee hereunder shall revert to Franchisor. Any subsequent sale or other transfer by any Involuntary Transferee shall be subject to Franchisor's right of written approval set forth in this Section of this Agreement and to Franchisor's right of first refusal set forth above. Transfer to Involuntary Transferees shall not require the payment of the transfer fee required by this Agreement. Actual legal costs incurred by Franchisor to approve and effect the transfer will be charged, however.

XVII. TERMINATION

A. Termination by Franchisor

Upon Notice to Franchisee, Franchisor may elect to terminate this Agreement, without prejudice to any other legal or equitable rights or remedies, upon the occurrence of any one or more of the following events listed below. In such an event, the Termination of this Agreement shall be effective immediately upon Franchisee's receipt of a written Notice of termination.

1. Franchisee fails to timely (i) locate and secure a Site as so required by this Agreement, or (ii) open the Franchised Business within the time limits prescribed by this Agreement.

2. Franchisee fails to satisfy all of the training obligations herein.

3. Franchisee is delinquent by more than ten (10) days in paying any sum due as required under this Agreement or any other agreement or instrument between Franchisor or Franchisor's affiliate and Franchisee.

4. Franchisee is late for more than 10 days on any payment due and owing to a Mo'Tail & Spaw approved or designated vendor or supplier.

5. Franchisee fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, Royalty Fees or other fees and payments when due to Franchisor or any Affiliate of Franchisor, or commits (3) defaults or more under this agreement or any other agreement with Franchisor or any Affiliate of Franchisor, whether or not such defaults or such failure to pay or submit information is corrected after notice thereof is delivered to Franchisee or after curing a default under this Agreement, Franchisee commits the same default again within six months of the default, even if Franchisee would otherwise be given an opportunity to cure the current default.

6. Franchisee (or an affiliate of Franchisee) defaults under any other agreement between Franchisor (or an affiliate of Franchisor) such that Franchisor or its Affiliate, as the case may be, has the right to terminate the said agreement or said agreement automatically terminates.

7. Franchisee fails to operate the Franchised Business for more than two (2) consecutive days that the Franchised Business is required or is customarily open in the ordinary course of business or otherwise abandons the Franchised Business.

8. Franchisee provides, offers, or sells products or services other than those that are Permitted Products and Services, and/or Franchisee fails to provide, offer, or sell any one, some, or all of the Permitted Products and Services.

9. If Franchisees fail to participate in a promotional campaign, discount program, or honor a coupon in accordance with the standards established by Franchisor within five (5) days of the notice being sent to Franchisee.

10. Franchisee provides, offers, or sells any Permitted Products and Services at or from a location that is within the franchise territory of another Mo'Tail & Spaw franchise (except as expressly stated in this Agreement, the Operating Manual, or any other written agreement between Franchisor and Franchisee), or otherwise infringes upon rights granted by Franchisor under franchise agreements with or other franchisees of Franchisor.

11. Franchisee refuses to allow or cooperate with an inspection or audit of the Franchised Business, or a Franchisee fails to achieve or exceed System Standards in two (2) inspections in any twenty-four (24) month period.

12. Franchisee is declared bankrupt or insolvent, or Franchisee is the debtor in a voluntary or involuntary bankruptcy proceeding under the U.S. Bankruptcy Code (this provision may not be

enforceable under federal bankruptcy law).

13. A receiver is appointed for Franchisee or for any part of its property; Franchisee makes any assignment for the benefit of its creditors, if not dismissed within fifteen (15) days, and/or a final judgment is entered against Franchisee in the amount of twenty-five thousand ($25,000) dollars or more which remains unsatisfied or is on record for thirty (30) days or longer without a supersedeas bond being filed.

14. Franchisee loses the right to possession of the Site upon which the Franchised Business is located or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located unless such default results from circumstances beyond the control of Franchisee and does not arise from any action taken or failure to act by Franchisee or Franchisee's failure to cure or correct the circumstances that led to such default (provided, however, that if through no fault of Franchisee, the Site is damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, or if the Site is acquired pursuant to a government taking of property, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate the Franchised Business or reconstruct the Franchised Business, which approval shall not be unreasonably withheld).

15. Franchisee fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business.

16. Franchisee makes any transfer or attempted transfer that fails to comply with this Agreement.

17. The Franchised Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor; a final judgment against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a levy of execution has been made upon the franchise granted by this Agreement or upon any property used in the Franchised Business that is not discharged within five (5) days of such levy.

18. Franchisee or any Principal violates the restrictive covenants of the confidentiality, solicitation, competition as set forth in this agreement or otherwise directly or indirectly uses or discloses Confidentiality Information to or for the benefit of it, his/her, or the benefit of another, or publishes causes to be published Confidential Information without the expressed written consent of Franchisor.

19. Any conduct or activity by Franchisee or any Designated Manager, Principal, director, or officer of Franchisee that Franchisor believes is reasonably likely to have an adverse effect or reflect unfavorably on the Franchised Business, Franchisor, the System, the Marks, or the goodwill associated therewith, including, but not limited to, any criminal misconduct for which Franchisee or any Designated Manager, Principal, director, or officer of Franchisee is convicted.

20. Franchisee knowingly maintains false books or records or knowingly submits any false reports (including, but not limited to, the information provided as part of Franchisee's application for this franchise) to Franchisor or understates its Gross Revenues reported to Franchisor by more than five percent (5%) in any given 180-day period.

21. Any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business, or Franchisee has not immediately commenced actions to cure the problem or has not promptly cured or corrected the problem or activity that gave rise to the threat or

danger.

22. Franchisee fails to perform or breaches any other provision of this Agreement or of any other agreement or instrument between Franchisor, Franchisor's affiliates, or a Mo'Tail & Spaw designated supplier and Franchisee and fails to cure any such breach within thirty (30) days from notice of breach or if any agreement by and between the Franchisee or its affiliates and Franchisors or its affiliates or a Mo'Tail & Spaw designated supplier is terminated by reason of Franchisee's, Franchisee's affiliate(s)', or Franchisees Principal Owner(s)' default, irrespective of such default was in part or in whole directly or indirectly the reason for termination.

B. Termination with the Opportunity to Cure

If other than so stated above, if Franchisee so breaches this Agreement, fails to operate the Franchised Business in full compliance with the terms of this Agreement, the Operating Manual, or the System Standards, Franchisor may elect to terminate this Agreement, without prejudice to any other legal or equitable rights or remedies, upon Notice of Termination, if franchisee so fails to fully cure said noted breach(es) within thirty (30) days of said Notice. Termination of this Agreement shall be effective automatically upon the expiration of the time period specified above (or such longer period as may be required by applicable law) or, if no notice of default is required, immediately upon Franchisee's receipt of a written notice of termination.

C. Liability for Default

If Franchisee fails to cure any default within the applicable time period set forth in this Section, Franchisee shall pay all damages, costs, and expenses incurred by Franchisor as a result of any such default, including, but not limited to, reasonable attorney and accounting fees. This provision shall apply regardless of whether or not Franchisor exercises its right to terminate this Agreement or initiate legal or arbitration proceedings against Franchisee.

D. Our Step-In Rights

The parties herein want to prevent any operation or interruption of the Franchised Business that would cause harm to the Franchised Business and to the System and lessen its value. Therefore, Franchisee authorizes Franchisor to step in to operate the Franchised Business for as long as Franchisor believes necessary and practical in Franchisor's exclusive judgment. Franchisor may do so without waiving any other rights or remedies that Franchisor may have.

Cause for stepping-in may include Franchisor's determination that: Franchisee is incapable of operating the Franchised Business; Franchisee is absent or incapacitated because of illness or death; Franchisee has failed to pay when due any real property, equipment rent, or lease payments, suppliers, or inventory payments; Franchisee has failed to pay to Franchisor when due any franchise, royalty, advertising, or other fees; Franchisee has failed to pay when due any taxes or assessments against the Franchised Business or property used in the Franchised Business; Franchisee has failed to pay when due any liens or encumbrances placed upon or against Franchised Business property; Franchised Business activities are having a negative impact on the value of System or Franchisor decides that significant operational problems require Franchisor to operate the Franchised Business for a time.

All Revenue from Franchisor's operation of the Franchised Business will be for Franchisee's exclusive account plus Franchisor shall be entitled to 5% of Gross Revenues to cover Franchisor overhead expenses. In addition, Franchisor will have the option, but not the obligation, to pay to Franchisee any claims owed by Franchisee to any creditor or employee of the Franchised Business. Franchisee will reimburse Franchisor upon demand, including at the rate set forth above, for overdue amounts.

In the event of our exercise of these Step-In Rights, Franchisee agrees to hold Franchisor harmless for all acts, omissions, damages, or liabilities arising during Franchisor's operation of the Franchised Business. Our operation of the Franchised Business will not operate as an assignment to Franchisor of any lease or sublease of Franchised Business property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease for Franchisee property, except as the charges relate to the period of Franchisor's operation of the Franchised Business. You agree to pay Franchisor's legal and accounting fees and costs Franchisor incurs because of Franchisor's exercise of these Step-In Rights.

XVIII. OBLIGATIONS UPON TERMINATION

Upon the termination or expiration of this Agreement, for any reason, Franchisee shall forthwith:

1. Cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

2. Immediately and permanently cease to use, by advertising or in any manner whatsoever, any equipment, materials, confidential methods, procedures, or techniques associated with the System or that display the Marks or any other distinctive forms, slogans, signs, symbols, or devices associated with or belonging to Franchisor.

3. Make such modifications or alterations to the Site of the Franchised Business, including the improvements thereon, as may be necessary or requested by Franchisor (including, but not limited to, changing the telephone number) to prevent the operation of any business on the Site upon which the Franchised Business is located that might be deemed substantially similar to that of the Franchised Business or any other franchisee of Franchisor. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor shall have the right to enter the Site without being guilty of trespass or any other tort or crime for the purposes of making or causing to be made such changes as may be required, at the expense of Franchisee.

4. At the option of Franchisor, assign to Franchisor or Franchisor's designee any interest of Franchisee in any lease or sublease for the Site of the Franchised Business. If Franchisee fails to do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to make such assignment on Franchisee's behalf. If Franchisor elects not to exercise its option to acquire Franchisee's lease/sublease, Franchisee shall make such modifications or alterations to the Site of the Franchised Business as described in the subparagraph above immediately upon termination or expiration of this Agreement as may be necessary and requested by Franchisor for that purpose (including, but not limited to, changing the telephone number).

5. Turnover to Franchisor the Operating Manual, records, customer and other files, instructions, correspondence, and software provided and/or licensed by Franchisor, including, without limitation,

brochures, agreements, disclosure statements, and any materials relating to the business operated hereunder, which may be in Franchisee's possession, together with all copies thereof (all of which Franchisee acknowledges to be Franchisor's sole property).

6. At the option of Franchisor, assign to Franchisor or Franchisor's designee all of Franchisee's rights, title, and interest in and to any and all (i) telephone numbers of Franchisee's franchise and all related Yellow Pages, White Pages, and other business listings, and (ii) Websites, web pages, listings, banners, URLs, advertisements, or any other services and links related to the Franchised Business or the use of Franchisor's trademarks, service marks or other logos, on or with the internet, World Wide Web, internet service providers, electronic mail services, communication providers, search engines or other similar services.

7. At the option of Franchisor (to be exercised within thirty (30) days after termination), sell to Franchisor any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's depreciated book value.

8. Take such action as may be necessary to cancel any assumed name or equivalent registration that contains the mark Mo'Tail & Spaw or any of the other Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement.

9. Immediately pay all sums due and owing to Franchisor and its affiliates, including, but not limited to, any unpaid Royalty Fees, other fees, and monies.

10. Obtain and maintain in effect all coverage for the professional liability or errors and omissions insurance and general liability insurance by this Agreement to extend the period in which claims may be made for a period of time not less than the applicable statute of limitations in the jurisdiction in which the Franchised Business is located.

11. Franchisee does hereby irrevocably constitute and appoint Franchisor as the true and lawful attorney-in-fact and agent for Franchisee to carry out Franchisee's obligations under this Section. Franchisee agrees to promptly execute, acknowledge, and deliver to Franchisor any and all such documents as may be required to carry out Franchisee's obligations hereunder. The provisions of this Section shall survive the expiration, termination, or cancellation of this Agreement.

XIX. COVENANTS OF FRANCHISEE

A. Management of Franchise

Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, the Franchised Business shall at all times be under the direct supervision of Franchisee, the Designated Manager, or the Franchised Business Manager, who shall devote his/her full time, energy, and best efforts to the management and operation of the Franchised Business.

B. Covenants during the Term of Franchise Agreement

Franchisee specifically acknowledges that pursuant to this Agreement, Franchisee will receive valuable

specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Mo'Tail & Spaw Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation:

1. divert or attempt to divert any business or client of the Franchised Business or of any other franchisee of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

2. own, maintain, engage in, or have any interest in any business offering grooming and boarding or any other products or services that are offered in the Franchised Business ("**Competitive Business**"), unless otherwise consented to in writing by Franchisor.

C. Covenants after Termination of Franchise Agreement

Franchisee further covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

1. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any business offering grooming and boarding, or any other services that had been offered by the Franchised Business, within twenty-five (25) miles of any Mo'Tail & Spaw Franchised Business; or

2. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement.

3. Franchisee and Franchisor agree that the covenants contained in this Section shall survive the expiration, termination, or cancellation of this Agreement. In the event of the violation of this Section by Franchisee following expiration, termination, or assignment of this Agreement, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

D. Exclusion for Publicly Traded Company

This Section shall not apply to the beneficial ownership by Franchisee of less than five percent (5%) of the outstanding equity securities of any corporation that is registered under the Securities and Exchange Act of 1934.

E. Independent Covenants; Severability

The parties agree that each of the covenants in this Section shall be construed as independent of any

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

F. Reduction of Covenants by Franchisor

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions hereof.

G. Claims Against Franchisor No Defense

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

H. Injunctive Relief

Franchisee acknowledges that its violation of the terms of this Section would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Franchisee accordingly consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section.

I. Execution of Covenants by Key Personnel

At the request of Franchisor, Franchisee shall provide Franchisor with executed Restrictive Covenant Agreements containing covenants similar in substance to those set forth in this Section (including covenants applicable upon the termination of a person's relationship with Franchisee) from each manager, officer, director, and Principal of Franchisee. With respect to each person who becomes associated with Franchisee in one of the capacities enumerated above, subsequent to the execution of this Agreement, Franchisee shall require and obtain such covenants from them and promptly provide Franchisor with executed copies thereof. In no event shall any person enumerated above be granted access to any confidential aspect of the System or the Franchised Business prior to their execution of such a covenant. All covenants required by this Section shall be in a form satisfactory to Franchisor, including, without limitation, the specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. The failure by Franchisee to obtain the execution of the covenants required by this Section and provide the same to Franchisor shall constitute a material breach of this Agreement.

XX. ENFORCEMENT

A. Mediation

If a dispute arises between the parties that cannot be settled through negotiation, the parties shall first

try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to litigation or other dispute resolution procedures. The party raising the dispute ('Complaining Party") shall give a written notice of such dispute to the other party ("Notice of Dispute"). Within 28 days of giving Notice of Dispute, the Complaining Party shall file with the American Arbitration Association a Request for Mediation. If the Complaining Party fails to file such Request for Mediation within 28 days, the Complaining Party's claims shall be deemed abandoned and shall preclude the Complaining Party from pursuing such claims further. The mediation proceedings shall take place at the American Arbitration Association location nearest Franchisor's principal place of business (presently Polk County, Iowa). The cost of the Mediation shall be shared equally by the parties. The Mediation shall conclude or be deemed concluded 45 days after the Request for Mediation is filed with the American Arbitration Association.

B. Injunctive Relief

Franchisor shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (a) Franchisee's use of the Marks; (b) the obligations of Franchisee upon the termination or expiration of this Agreement; (c) Covenants of Franchisee; (d) any assignment or transfer of this Agreement or any ownership interest contrary to this Agreement; or (e) as necessary to prohibit any act or omission by Franchisee or its employees or agents: (i) that would constitute a violation of any applicable law, ordinance, or regulation: (ii) that is dishonest or misleading to Franchisor and/or Franchisor's other franchisees; or (iii) that, in Franchisor's reasonable judgment, may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the Franchised Business, Franchisor, the System or the Marks.

C. Arbitration

Except as otherwise provided herein, any claim or controversy arising out of or related to this Agreement, or the breach thereof shall be settled by mandatory binding arbitration in Polk County, Iowa, in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that at the option of Franchisor or Franchisee, the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in accordance with the Federal Rules of Civil Procedure and may apply sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award, and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. All arbitration proceedings will be individual proceedings between Franchisor and Franchisee and will not be conducted on a "class" basis or include any other of our franchisees as named parties unless Franchisor and Franchisee each agree. The arbitration proceedings shall take place in Polk County, Iowa, or the county of the state where the Franchisor is then headquartered.

D. Injunctive Relief

If Franchisor desires to seek specific performance or other extraordinary relief, including, but not limited to, injunctive relief under this Agreement and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration, and Franchisor shall have the right to bring such action as described herein.

E. Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing herein contained shall bar Franchisor's right to seek injunctive relief against threatened conduct that shall cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

FRANCHISEE AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED. FRANCHISEE WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY FRANCHISEE AGAINST FRANCHISOR CONCERNING THIS AGREEMENT, FRANCHISEE'S CONTRACT DAMAGES SHALL NOT EXCEED AND SHALL BE LIMITED TO THE REFUND OF FRANCHISEE'S FRANCHISE FEE PAYMENTS.

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

F. Limitations of Claims

Except for claims against Franchisee concerning the underreporting of gross sales and for claims against Franchisee by Franchisor relating to third-party claims or suits brought against Franchisor; as a result, Franchisee's operation of the franchise business, any and all claims arising out of or relating to this Agreement or the relationship between the parties hereto shall be barred unless an arbitration or legal proceeding is commenced within one (1) year from the date Franchisee, or Franchisor knew or should have known of the facts giving rise to such claims.

G. No Right to Offset

Franchisee may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor, or any of its affiliates, may owe or allegedly owe Developer under this Agreement or any related agreements.

XXI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

It is understood and agreed that nothing in this Agreement shall create a partnership, employment, or

agency relationship between Franchisor and Franchisee or authorize Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action by Franchisee. Franchisor shall not be liable to any third party for any act or omission of Franchisee in any of its operations hereunder (including, without limitation, any claim or action against Franchisee for negligent hiring, sexual harassment, or employment discrimination) or any claim or judgment arising therefrom against Franchisee. Franchisee shall indemnify and hold Franchisor harmless from and against any and all claims, debts, liabilities, or obligations arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business (excluding, however, liabilities caused by (i) Franchisee's improper reliance on or use of procedures or materials provided by Franchisor or (ii) Franchisor's negligence), and shall pay all costs (including, without limitation, attorney and accountant fees) incurred by Franchisor in defending against and/or responding to them. FRANCHISEE SHALL DISPLAY PROMINENTLY AT ITS PLACE OF BUSINESS, ON ALL CORRESPONDENCE WITH THIRD PARTIES, AND IN ANY PRINTED MATERIALS BEARING ITS NAME OR BUSINESS LOCATION, A STATEMENT THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY FRANCHISEE.

XXII. MISCELLANEOUS

A. Entire Agreement

This Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments. This Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification. No failure on the part of any party hereto to exercise, and no delay in exercising any right, power, or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or remedy hereunder preclude any other or further exercises thereof, or the exercise of any other right, power or remedy. This Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification.

B. Benefit

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement shall not be assigned by Franchisee without the prior written consent of Franchisor.

C. Construction

This Agreement was accepted by Franchisor in Iowa. Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the State of Iowa; provided, however, that if any of the covenants contained in this Agreement would not be enforceable under the laws of Iowa and the Franchised Business is located outside of Iowa, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. The laws of Iowa shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment laws, rules, or regulations. If any provision of this

Agreement relating to termination, nonrenewal, or assignment of the franchise or choice of law, jurisdiction, or venue is inconsistent with any applicable state franchise investment law, rules, or regulations, such applicable state law shall apply. Any addendum to this Agreement required by the regulatory authorities of any state is hereby made a part hereof.

D. Jurisdiction and Venue

Franchisee hereby irrevocably agrees that, subject to Franchisor's sole and absolute election, any and all suits, actions, or other proceedings with respect to, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within Polk County, Iowa. Franchisee hereby consents and agrees that the following courts shall have personal jurisdiction over Franchisee in all lawsuits relating to or arising out of this Agreement, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Franchisee may have or lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of Iowa; and (b) all courts of the United States of America sitting within the State of Iowa, including, without limitation, all United States District Courts within the State of Iowa. Franchisee hereby consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and hereby irrevocably waives any right Franchisee may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where Franchisor has its principal place of business. In the event any of these courts are abolished, Franchisee agrees that the venue shall be proper in the state or federal court in Iowa that most closely approximates the subject matter jurisdiction of the abolished court, as well as any of these courts that are not so abolished. Any and all lawsuits filed by Franchisee against Franchisor (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement shall be required to be filed in one of these courts. Any and all lawsuits filed by Franchisor against Franchisee may be filed in any of these courts or in any court in which jurisdiction and venue are proper. In all lawsuits relating to or arising out of this Agreement, Franchisee consents and agrees that Franchisee may be served with process outside the State of Iowa in the same manner of service that may be made within the State of Iowa by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

E. Headings

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this Agreement.

F. Notices

All payments shall be made to, and all notices, requests, demands, and other communications hereunder shall be deemed to have been duly received by, the person to whom addressed when personally delivered or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed:

in the case of Franchisor: **Mo'Tail & Spaw Franchising L.L.C.**
6218 Willowmere Dr, Des Moines, IA 50321
or to such other persons or address as Franchisor may from time to time furnish to Franchisee;

in the case of Franchisee: _____ at the address is:
_____
_____

_____

G. Severability

In the event that any provision of this Agreement, in whole or in part (or the application of any provision to a specific situation), shall be held by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any federal, state or local law, regulation or ordinance applicable to this Agreement, such invalidity shall be limited to such specific provision or portion thereof (or to such situation), and this Agreement shall be construed and applied in such manner as to minimize such invalidity. All other provisions of this Agreement shall otherwise remain in full force and effect.

If any applicable and binding law or regulation of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement that is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or regulation of any jurisdiction, any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, then the prior notice and/or other action required by such law or regulation shall be substituted for the comparable provisions hereof, and Franchisor shall have the unlimited right to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it was separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or from any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Any such modifications to this Agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

H. Survival of Covenants

All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret such provisions (such as, by way of illustration and not limitation, the provisions relating to arbitration and injunctive relief), shall survive the termination, expiration or cancellation of this Agreement or the franchise granted hereunder.

I. No Third-Party Beneficiaries

Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity not a party hereto.

J. Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed by their duly authorized agents as of the date first written above.

FRANCHISOR: MO'TAIL & SPAW FRANCHISING L.L.C.	**FRANCHISEE:**
Signature:_____	**Signature:**_____
Name:_____	**Name:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____
INDIVIDUAL FRANCHISEE:	**INDIVIDUAL FRANCHISEE:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

EXHIBIT 1. IDENTIFICATION OF FRANCHISEE

TO THE MO'TAIL & SPAW FRANCHISE AGREEMENT

INDIVIDUAL FRANCHISEE

Name: _____ Date of Birth: _____

Home Address (P.O. Box not acceptable):_____

City:_____ State:_____ ZIP: _____

Telephone: _____ Email: _____

NON-INDIVIDUAL FRANCHISEE

Check One: ☐ Corporation ☐ Limited Liability Company ☐ Partnership

Name: _____

Address: _____

City:_____ State:_____ ZIP: _____

Telephone: _____ EIN: _____

Date of Organization: _____ State of Organization: _____

Statutory/Registered Agent: _____

Address of Agent: _____

City:_____ State:_____ ZIP: _____

Officers ----------

President: _____ Vice President: _____

Treasurer: _____ Secretary: _____

Shareholders/Members/Partners

Name: _____ Percentage of Ownership: _____

Home Address: _____

City:_____ State:_____ ZIP: _____

Telephone: _____ Email: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Telephone: _____ Email: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Telephone: _____ Email: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Home Telephone: _____ SSN: _____

Name: _____ Percentage of Ownership: _____

Home Address: _____

City: _____ State: _____ ZIP: _____

Telephone: _____ Email: _____

The undersigned individual Franchisee, or if Franchisee is other than an individual, each of the Principals of Franchisee, hereby certify that the foregoing information is accurate and complete to the best of their knowledge and agree to notify Franchisor promptly of any change in any such information during the term of the Franchise Agreement to which this EXHIBIT 1 is attached.

_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name

EXHIBIT 2. SITE AND TERRITORY

TO THE MO'TAIL & SPAW FRANCHISE AGREEMENT

1. The address and/or description of the Site for the Franchised Business shall be:

_____

2. The Territory referenced in the Franchise Agreement shall consist of the following geographical area in the State of _____:

_____

_____

Franchisor and Franchisee further agree that this Exhibit shall be attached to, incorporated in, and made a part of said Franchise Agreement between Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed by their duly authorized agents as of the date first written above.

FRANCHISOR: MO'TAIL & SPAW FRANCHISING L.L.C.	**FRANCHISEE:**
Signature:_____	**Signature:**_____
Name:_____	**Name:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____
INDIVIDUAL FRANCHISEE:	**INDIVIDUAL FRANCHISEE:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

EXHIBIT 3. AUTHORIZATION FOR ELECTRONIC TRANSFER OF FUNDS

TO THE MO'TAIL & SPAW FRANCHISE AGREEMENT

The undersigned depositor (DEPOSITOR) hereby authorizes Mo'Tail & Spaw Franchising L.L.C. (PAYEE) to initiate debit entries and/or credit correction entries to the DEPOSITOR's checking account designated below and authorizes the financial institution designated below (BANK) to debit such account pursuant to PAYEE's instructions.

Name of Financial Institution Branch

Address of Financial Institution City State ZIP Code

Account Number Bank Transit/Routing Number

This authority will remain in effect until the BANK receives a written cancellation notification from DEPOSITOR in such time as to afford BANK a reasonable opportunity to act on it. DEPOSITOR may stop payment of any entry by notifying BANK at least three (3) business days before the entry is charged to DEPOSITOR'S account. DEPOSITOR may have the amount of any erroneous entry immediately credited to DEPOSITOR'S account by notifying BANK within fifteen (15) calendar days after BANK issues DEPOSITOR'S account statement containing the erroneous entry or forty-five (45) days after posting, whichever occurs first. These rights are in addition to any rights DEPOSITOR may have under federal and state banking or consumer protection laws.

Name of DEPOSITOR: _____

Signature:_____

By: _____ Date: _____

Title: _____

A voided check must be attached to this for

SITE SELECTION ADDENDUM

TO THE MO'TAIL & SPAW FRANCHISE AGREEMENT

Concurrently herewith, Mo'Tail & Spaw Franchising L.L.C. (**Franchisor**) and _____ (**Franchisee**) have entered into a(n) Mo'Tail & Spaw Franchised Business Franchise Agreement (the **Franchise Agreement**) and desire to supplement its terms, as set out in this Site Selection Addendum (the **Addendum**). The parties hereto, therefore, agree as follows:

1. Within 6 months after the execution of the Franchise Agreement (the **Site Selection Period**), Franchisee shall acquire or lease, at Franchisee's expense, a location for the Mo'Tail & Spaw Franchised Business franchised under the Franchise Agreement (the **Franchised Business**) at a site approved by Franchisor as hereinafter provided. Such location shall be within the following area: _____ (the **Site Selection Territory**). The Site Selection Territory is described solely for the purpose of selecting a site for the Franchised Business.

2. Franchisor shall not establish nor license another to establish a Mo'Tail & Spaw Franchised Business within the Site Selection Territory until Franchisor approves of a location for the Franchised Business or until the expiration of the Site Selection Period, whichever event occurs first.

3. Failure by Franchisee to acquire or lease a site for the Franchised Business within the Site Selection Period shall constitute a default of the Franchise Agreement and this Site Selection Addendum.

4. If Franchisee occupies the Site of the Franchised Business under a lease or sublease, Franchisee shall, prior to the execution thereof, submit such lease to Franchisor for its written approval. Franchisor's approval of the lease or sublease may be conditioned upon the inclusion of such provisions as Franchisor may reasonably require, including, without limitation:

(a) A provision that restricts the use of the Site solely to the operation of the Franchised Business;

(b) The lessor will consent to Franchisee's use of such Marks and signage as Franchisor may prescribe for the Franchised Business;

(c) A provision that in the event Franchisee fails to timely pay any and all amounts due to Franchisor or lessor under the lease or sublease, Franchisor has the right to charge and collect from Franchisee all resulting costs and expenses incurred by, and penalties imposed on, Franchisor;

(d) A provision that prohibits Franchisee from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

(e) A provision giving Franchisor the right, but not the obligation, to enter the Site or make modifications necessary to protect the Marks or the System or to cure any default under the Franchise Agreement;

(f) A provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest, with the right to sublease, upon termination or expiration of such

lease or of the Franchise Agreement without any assessment of additional fees, penalties, or rent acceleration;

(g) A provision that the lessor will provide to Franchisor copies of any and all notices (including those related to default by Franchisee) given to Franchisee under the lease; and

(h) A provision that restricts the lease from being modified in a manner that could materially affect Franchisor's rights with respect to the lease without Franchisor's prior written consent.

5. Within 6 months after the execution of the Franchise Agreement, Franchisee shall submit to Franchisor, in a form specified by Franchisor, a completed site approval package, which shall include a site approval form prescribed by Franchisor, an option contract, a letter of intent, or other evidence satisfactory to Franchisor which describes Franchisee's favorable prospects for obtaining such site, photographs of the site, demographic statistics, and such other information or materials as Franchisor may reasonably require (collectively, the **SAP**). Franchisee acknowledges that time is of the essence. Franchisor shall have thirty (30) days after receipt of the SAP from Franchisee to approve or disapprove, in its sole discretion, the proposed site for the Franchised Business. In the event Franchisor does not approve a proposed site by written notice to Franchisee within said thirty (30) days, such site shall be deemed disapproved by Franchisor.

6. Franchisor shall furnish to Franchisee the following:

(a) For your Site, we provide building specifications for your real property space, we review your design plans, and you must retain a licensed architect.

(b) Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's requests for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a completed SAP for such site prepared by Franchisee pursuant to this Addendum above. If the on-site evaluation is deemed necessary and appropriate by Franchisor, Franchisor shall, at no charge to Franchisee, conduct (a) up to two (2) on-site evaluations if the Franchised Business is the first Mo'Tail & Spaw Franchised Business to be developed by Franchisee, or (b) one (1) on-site evaluation if Franchisee has opened a Mo'Tail & Spaw Franchised Business prior to the Franchised Business. For any additional on-site evaluation, Franchisee shall reimburse the Franchisor for Franchisor's reasonable expenses, including, without limitation, the costs of travel, lodging, wages, and meals.

(c) After the location for the Franchised Business is approved by Franchisor and leased or acquired by Franchisee hereof, the location shall constitute the Site described in the Franchise Agreement. Franchisee hereby acknowledges and agrees that approval by Franchisor of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with minimum acceptable criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that the application of criteria that have been effective with respect to other sites and Sites may not be predictive of the potential for all sites and that, subsequent to approval by Franchisor of a site, demographics and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site

approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

7. This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlled with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and affirmed.

8. IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Site Selection Addendum on the dates set forth below.

FRANCHISOR: MO'TAIL & SPAW FRANCHISING L.L.C.	**FRANCHISEE:**
Signature:_____	**Signature:**_____
Name:_____	**Name:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____
INDIVIDUAL FRANCHISEE:	**INDIVIDUAL FRANCHISEE:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

EXHIBIT 5. RIDER TO FRANCHISE PREMISES LEASE AGREEMENT

TO THE MO'TAIL & SPAW FRANCHISE AGREEMENT

THIS RIDER has been entered this day of , 20 . It is by and between ,("Landlord") and (jointly and severally "Tenant").

RECITALS

On or about , 20 , Landlord and Tenant executed a lease agreement (the "Lease Agreement") by which Tenant leased from Landlord real property for Tenant's operations of a Mo'Tail & Spaw franchised Business at the following location: (the "Franchise Premises").

On or about , 20 , Tenant and Mo'Tail & Spaw Franchising L.L.C. (the "Franchisor") executed a franchise agreement (the "Franchise Agreement") for Tenant to operate a Mo'Tail & Spaw franchised Business at the Franchise Premises.

Landlord and Tenant desire to execute this addendum to the Lease Agreement to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. Landlord Reports and Disclosures to Franchisor. Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.
2. Assignment to Franchisor. Anything contained in the Lease Agreement to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease Agreement and Tenant's right, title, and interest may be assigned by Tenant to Franchisor, without cost or penalty. Landlord grants to Franchisor the right, at Franchisor's election, to receive an assignment of the Lease Agreement and the leasehold interest in the Franchise Premises upon termination or expiration of Tenant's Franchise Agreement.
3. If the Franchise Agreement between Franchisor and Tenant expires or is terminated during the term of the Lease, Landlord acknowledges and agrees that Franchisor has the right but not the obligation to assume the Lease Agreement and, thereby, to wit upon the written request of Franchisor, Landlord hereby agrees and consents to the assignment of the Lease to Franchisor upon the expiration or termination of the Franchise Agreement so entered into by and between Franchisor and Tenant.
4. Tenant's Default; Notice to Franchisor. Landlord will give written notice to franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant of the Lease Agreement. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within 15 business days after the expiration of the period in

which Tenant had to cure the default. Notice will be sent to the following address or to the address Franchisor may, from time to time, specify in writing to Landlord:

Mo'Tail & Spaw Franchising L.L.C.
6218 Willowmere Dr, Des Moines, IA 50321

5. Franchise Premises De-identification. Upon termination, expiration, or non-renewal of the Lease Agreement, Tenant may de-identify the Franchise Premises. If the Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of the removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor, and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs and marks. Landlord waives and releases any security or any other interest in or to any furniture, fixtures, equipment, inventory, supplies, or any other items or materials which bear Franchisor's proprietary designs and marks or otherwise designate or are specific to the Mo'Tail & Spaw Brand.

IN WITNESS, the parties have executed this Rider on the day and year first above written.

("Landlord"):

By: _____

Title: _____

("Tenant"):

By: _____

Title: _____

Mo'Tail & Spaw Franchising L.L.C.

By: _____

Title:_____}

}

EXHIBIT B. AREA DEVELOPMENT AGREEMENT

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

BETWEEN

MO'TAIL & SPAW FRANCHISING L.L.C.

FRANCHISOR

AND

_____

DEVELOPER

_____

Location (Common Territory Name)

_____

DATED

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Exhibits

EXHIBIT 1. DEVELOPMENT AREA
EXHIBIT 2. DEVELOPMENT SCHEDULE

MO'TAIL & SPAW

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of this _____day of _____, 20___ (the "Effective Date") by and between Mo'Tail & Spaw Franchising L.L.C., an Iowa Limited Liability Company ("Franchisor"), and _____, an individual/partnership/corporation/limited liability company _____ established/resident of the State of_____ and whose principal address is _____ ("Developer").

RECITALS

A. Franchisor has developed and is in the process of further developing a format and system consisting of uniform standards, methods, procedures, and specifications for the operation of Mo'Tail & Spaw (the "System") identified by the service mark "Mo'Tail & Spaw," and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used (collectively, the "Marks") in connection with, and relating to, the establishment and operation of a business offering A Mo'Tail & Spaw franchised business offers a wide array of grooming options along with basic and luxury accommodations, so your companion can relax in style while you travel (each, a "Franchised Business");

B. Franchisor and Developer desire to enter into an area development agreement under which Developer shall obtain the exclusive right to establish and operate a specified number of

Franchised Businesses within a specified geographical area upon the terms and conditions contained in Franchisor's then-current standard franchise agreement (each, a "Franchise Agreement"); and

C. Developer and Franchisor have entered into that certain Franchise Agreement (the "Initial Franchise Agreement") dated the same date as this Agreement for the establishment and operation of the first Franchised Businesses to be developed under this Agreement.

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

I. GRANT OF DEVELOPMENT RIGHTS AND DEVELOPMENT AREA

Subject to the terms and conditions of this Agreement, Franchisor hereby grants the right to Developer, and Developer undertakes the obligation to establish and operate in the area designated in EXHIBIT 1 of this Agreement (the "Development Area") the number of Franchised Businesses specified in the development schedule on EXHIBIT 2 (the "Development Schedule"). This Agreement does not grant Developer any right to use the Marks; the rights to use the Marks are granted only by Franchise Agreements.

II. FEES

The total amount of the Development Fee is listed in EXHIBIT 2 (the **"Development Fee"**). The Development Fee will be applied toward the initial franchise fee due under subsequent Franchise Agreements in the manner specified in EXHIBIT 2. The developer will pay the balance of the initial franchise fee as stipulated and due under the then-current franchise Agreement for each Franchised Business at the time the Franchise Agreement for each Franchised Business is executed. The Development Fee will not be refundable, notwithstanding anything to the contrary in this Agreement or any Franchise Agreement.

III. DEVELOPMENT SCHEDULE

Developer must enter into Franchise Agreements and open and operate Mo'Tail & Spaw Franchised Business in accordance with the deadlines set forth in the Development Schedule. By each **"Fee Deadline"** specified in the Development Schedule, Developer must have delivered to Franchisor an initial franchise fee and a signed copy of Franchisor's then-current standard form of Franchise Agreement for the number of Mo'Tail & Spaw Franchised Businesses specified on the Development Schedule. By each **"Opening Deadline"** specified in the Development Schedule, Developer must have the specified number of Mo'Tail & Spaw Franchised Businesses open and operating. Developer must locate the

Mo'Tail & Spaw Franchised Businesses only at sites that Franchisor has accepted in accordance with the terms of the applicable Franchise Agreement.

IV. DEVELOPMENT AREA

A. Exclusivity

While this Agreement is in effect, provided that Developer opens and operates Mo'Tail & Spaw Franchised Businesses in accordance with the Development Schedule, and the minimum number of Franchised Businesses that Developer has open and is operating in the Development Area at any given time is not less than the minimum required pursuant to the Development Schedule, Franchisor shall not establish or license another to establish the same Mo'Tail & Spaw Model Concept in the Development Area; however, the Franchisor may establish or license another to establish a Mo'Tail & Spaw Model Concept including but not limited to storefront, brick and mortar, co-branded, pop-up, virtual, or mobile outlets that are different than Developer's Model Concept within the Development Area under the Mo'Tail & Spaw Marks and the System within the Development Area.

B. No Other Restrictions

Developer acknowledges that, except to the extent expressly provided herein, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

1. establish, and license others to establish Mo'Tail & Spaw Franchised Businesses at any location outside of the Development Area;

2. establish, and license others to establish businesses [other than a Competitive Business (as defined below)] under other systems using other proprietary marks at such locations, including within the Development Area, and on such terms and conditions as Franchisor deems appropriate;

3. purchase or otherwise acquire the assets or controlling ownership of, and thereafter continue to own and operate, one or more businesses identical or similar to the Mo'Tail & Spaw Franchised Businesses (and/or acquire a franchise, license, and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Area that does not use the Marks;

4. acquire (regardless of the form of the transaction) by any business, even if the other business operates, franchises, and/or licenses Competitive Businesses within the Development Area;

5. sell the services and products authorized for Franchised Business using the Marks or other trademarks, service marks, and commercial symbols through alternate channels of distribution or Model Concepts, including but not limited to a storefront, brick and mortar, co-branded, pop-up, virtual, or mobile outlets, joint marketing with partner companies, direct mail, catalog sales,

internet sites, and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate; and

6. advertise, promote, market, or sell goods or services using the Marks over the internet, the world wide web, or any other electronic network.

7. own, acquire, establish and operate, and license others to establish and operate businesses like the Franchised Business or substantially similar to the Franchised Business, whether under the Marks or other proprietary marks in any temporary or permanent venue where there is a captive audience and where the primary purpose is other than patronizing a Mo'Tail & Spaw business (referred herein as a "Special Venue"), in the way of examples, but not an exhaustive list: malls, colleges, universities, entertainment and sports centers, military bases, transportation facilities, and housing complexes within the Development Area or outside of the Territory.

8. contract with a customer whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Mo'Tail & Spaw territory or the trading area of a single Franchise, Franchisor-owned, or Affiliate-owned business (referred to herein as "Special Accounts"). If Franchisor establishes a contract for facilities of a Special Account located in the Development Area, Franchisor, its affiliates, or a Developer or licensee may fulfill the contract requirements for the Special Account in the Development Area.

9. engage in any activities not expressly forbidden by this Agreement.

V. Competitive Business

For purposes of this Agreement, "**Competitive Business**" means any business that operates, manages, offers, or provides (or grants franchises or licenses to others to operate a business that operates, manages, offers, or provides), directly or indirectly, grooming and boarding or similar services as are customarily offered by a Franchised Business, or in which trade secrets or other confidential information could be used to the disadvantage of Franchisor or its other Developers.

VI. Term

This Agreement expires at midnight on the last Opening Deadline date listed on the Development Schedule unless this Agreement is terminated sooner as provided in this Agreement.

VII. Termination

C. Events of Default

Any one or more of the following constitutes an "**Event of Default**" hereunder:

1. Developer fails to pay any initial franchise fee or execute any Franchise Agreement by any Fee Deadline specified in the Development Schedule;

2. Developer fails to have opened and maintained in continuous operation the minimum number of Mo'Tail & Spaw Franchised Businesses specified in the Development Schedule by any Opening Deadline specified in the Development Schedule;

3. A default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement; or

4. Developer breaches or otherwise fails to comply fully with any other provision contained in this Agreement herein or any other agreement between the Franchisor and/or its Affiliates.

D. Remedies

If any Event of Default occurs, Franchisor may declare this Agreement and any and all other rights granted to Developer under this Agreement to be immediately terminated and of no further force or effect, as follows:

1. Upon termination of an Event of Default listed herein, Franchisor's sole remedies under this Agreement will be retention of the Development Fee and termination of this Agreement. A failure to open and thereafter operate Mo'Tail & Spaw Franchised Businesses in accordance with the Development Schedule will not, in itself, constitute cause for Franchisor to terminate any previously executed Franchise Agreement.

2. Upon termination of this Agreement for any other reason whatsoever, Franchisor shall be entitled to retain the Development Fee, and Developer will not be relieved of any of its obligations, debts, or liabilities hereunder, including, without limitation, any debts, obligations, or liabilities which have accrued prior to such termination. The right of termination granted by this Agreement is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity, or otherwise, including, without limitation, the right to injunctive relief, all of which are cumulative.

VIII. Assignment

A. By Franchisor

This Agreement is fully assignable by Franchisor and will inure to the benefit of any assignee or another legal successor to Franchisor's interest.

B. By Developer

This Agreement and the rights granted to Developer under this Agreement are personal to Developer, and neither this Agreement, nor any of the rights granted to Developer hereunder nor any controlling equity interest in Developer, may be voluntarily or involuntarily, directly, or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by Developer without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may terminate this Agreement without the opportunity to cure. Franchisor shall not unreasonably withhold its consent to a transfer of any interest in Developer or in this Franchise; provided, however, that prior to the transfer, Franchisor may, in its sole discretion, require that:

1. All of Developer's accrued monetary obligations to Franchisor and all other outstanding obligations related to the Franchised Businesses under this Agreement shall have been satisfied.

2. The transferee Developer shall enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Developer's obligations under this Agreement prior to and after the date of the assumption.

3. The transferee developer shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital as required by this Agreement.

4. Any right of Developer to any payments from the transferee developer resulting from the transfer shall be subordinate to any claim or right of Franchisor against the transferee developer subsequent to the effective date of the transfer, and Developer and the transferee developer shall execute any and all instruments reasonably required by Franchisor to evidence such liability.

5. Either Developer or the transferee Developer shall pay Franchisor a transfer fee of $20,000.

C. Franchisor's First Right of Refusal

If (i) Developer would like to accept a bona fide offer from a third party to purchase its interest in this Agreement, (ii) any of its legal or equitable owners (each, an "Owner" who are all listed on EXHIBIT 2 hereto) desires to accept an offer from a third party to purchase all or a portion of their equity interests in Developer that would result in the transfer of control of Developer (as Franchisor determines), or (iii) if Developer or such Owners desire to sell such interests and have found a willing buyer of such interests; Developer or such Owners will (a) notify Franchisor in writing of such offer, (b) offer to sell the same interests to Franchisor upon the same terms and conditions, and (c) provide such information and documentation relating to such offer as Franchisor requires. Franchisor has the right, exercisable within 30 days after receipt of such offer, information, and documentation, to send written notice to Developer (or the applicable owner(s)) that Franchisor intends to purchase the offered interests on the same economic terms and conditions offered by or to the third party or, at Franchisor's option, the cash equivalent thereof. If Franchisor elects to purchase such interests, the closing will occur within 90 days after the date of Franchisor's notice to the seller electing to purchase the interest. If Franchisor does not elect to purchase such interest within the 30-day period, Developer or such Owners may sell or transfer their offered interests to a third party, provided that such sale or transfer (i) is made within 90 days after Franchisor gives notice of its election, (ii) is made at a price and on the same material terms as those offered to Franchisor, and (iii) is made in full compliance with all applicable requirements of this Agreement.

The right of first refusal set forth herein will not be applicable to assignments, transfers, or sales of Developer's interest in this Agreement or any equity interest in Developer made to Developer or if Developer is an Entity, any of its Owner's spouse or child or any other existing Owners, provided that the applicable requirements of each Franchise Agreement and this Agreement are complied with fully.

IX. Developer's Covenant Not to Compete

A. Covenants during the Term of the Area Development Agreement

Developer specifically acknowledges that pursuant to this Agreement, Developer will receive valuable specialized training and confidential information, including, without limitation, information regarding the design, development, and operation of the Franchised Business, procedures and techniques of the Mo'Tail & Spaw Method, and sales, promotional, and marketing methods and techniques of Franchisor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation:

1. divert or attempt to divert any business or client of the Franchised Business or of any other Developer of Franchisor to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

2. own, maintain, engage in, or have any interest in any business offering grooming and boarding or any other products or services that are offered in the Franchised Business unless otherwise consented to in writing by Franchisor.

B. Covenants after Termination of the Area Development Agreement

Developer further covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

1. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, own, maintain, operate, engage in, or have any interest in any business offering grooming and boarding, or any other services that had been offered by the Franchised Business, within twenty-five (25) miles of any Mo'Tail & Spaw Franchised Business; or

2. for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly solicit or perform services for any person who was a client of the Franchised Business at any time during the term of this Agreement.

3. Developer and Franchisor agree that the covenants contained in this Section B shall survive the expiration, termination, or cancellation of this Agreement.

C. Exclusion for Publicly Traded Company

Developer's Covenant not to Compete in this Section shall not apply to the beneficial ownership by Developer of less than five percent (5%) of the outstanding equity securities of any corporation that is registered under the Securities and Exchange Act of 1934.

D. Severability

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

E. Execution of Covenants by Key Personnel

At the request of Franchisor, Developer shall provide Franchisor with executed Restrictive Covenant Agreements, containing covenants similar in substance to those set forth in this Section (including

covenants applicable upon the termination of a person's relationship with Developer) from each manager, officer, director, and Principal of Developer. With respect to each person who becomes associated with Developer in one of the capacities enumerated above, subsequent to the execution of this Agreement, Developer shall require and obtain such covenants from them and promptly provide Franchisor with executed copies thereof. In no event shall any person enumerated above be granted access to any confidential aspect of the System or the Franchised Business prior to their execution of such a covenant. All covenants required by this Section shall be in a form satisfactory to Franchisor, including, without limitation, the specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them. The failure by Developer to obtain the execution of the covenants required by this Section and provide the same to Franchisor shall constitute a material breach of this Agreement.

X. Miscellaneous

A. Independent Contractor and Indemnification

It is understood and agreed that nothing in this Agreement shall create a partnership, employment, or agency relationship between Franchisor and Developer, or authorize Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action by Developer. Franchisor shall not be liable to any third party for any act or omission of Developer in any of its operations hereunder (including, without limitation, any claim or action against Developer for negligent hiring, sexual harassment, or employment discrimination) or any claim or judgment arising therefrom against Developer. Developer shall indemnify and hold Franchisor harmless from and against any and all claims, debts, liabilities, or obligations arising directly or indirectly from, as a result of, or in connection with Developer's operation of the Franchised Business (excluding, however, liabilities caused by (i) Developer's improper reliance on or use of procedures or materials provided by Franchisor or (ii) Franchisor's negligence), and shall pay all costs (including, without limitation, attorney and accountant fees) incurred by Franchisor in defending against and/or responding to them. DEVELOPER SHALL DISPLAY PROMINENTLY AT ITS PLACE OF BUSINESS, ON ALL CORRESPONDENCE WITH THIRD PARTIES, AND IN ANY PRINTED MATERIALS BEARING ITS NAME OR BUSINESS LOCATION, A STATEMENT THAT THE FRANCHISED BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY DEVELOPER.

B. Entire Agreement

This Agreement, together with the exhibits attached hereto, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements between such parties. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments. This Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification. No failure on the part of any party hereto to exercise, and no delay in exercising, any right, power, or remedy hereunder shall operate as a waiver thereof; nor shall any single

or partial exercise of any right, power or remedy hereunder preclude any other or further exercises thereof or the exercise of any other right, power or remedy. This Agreement may not be modified or amended except by a written instrument signed by each of the parties hereto, expressing such amendment or modification.

C. Benefit

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Agreement shall not be assigned by Developer without the prior written consent of Franchisor.

D. Construction

This Agreement was accepted by Franchisor Iowa. Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement shall be governed by and construed in accordance with the laws of the State of Iowa; provided, however, that if any of the covenants contained in this Agreement would not be enforceable under the laws of Iowa and the Franchised Business is located outside of Iowa, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. The laws of Iowa shall prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment laws, rules, or regulations. If any provision of this Agreement relating to termination, nonrenewal, or assignment of the franchise or choice of law, jurisdiction, or venue is inconsistent with any applicable state franchise investment law, rules, or regulations, such applicable state law shall apply. Any addendum to this Agreement required by the regulatory authorities of any state is hereby made a part hereof.

E. Jurisdiction and Venue

Developer hereby irrevocably agrees that, subject to Franchisor's sole and absolute election, any and all suits, actions, or other proceedings with respect to, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within Polk County, Iowa. Developer hereby consents and agrees that the following courts shall have personal jurisdiction over Developer in all lawsuits relating to or arising out of this Agreement, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Developer may have or lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of Iowa; and (b) all courts of the United States of America sitting within the State of Iowa, including, without limitation, all United States District Courts within the State of Iowa. Developer hereby consents and agrees that the venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and hereby irrevocably waives any right Developer may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where Franchisor has its principal place of business. In the event any of these courts are abolished, Developer agrees that the venue shall be proper in the state or federal court in Iowa that most closely approximates the subject matter jurisdiction of the abolished court, as well as any of these courts that are not so abolished. Any and all lawsuits filed by Developer against Franchisor

(whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement shall be required to be filed in one of these courts. Any and all lawsuits filed by Franchisor against Developer may be filed in any of these courts or in any court in which jurisdiction and venue are proper. In all lawsuits relating to or arising out of this Agreement, Developer consents and agrees that Developer may be served with process outside the State of Iowa in the same manner of service that may be made within the State of Iowa by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. Developer hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

F. Headings

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of any provision of this Agreement.

G. Notices

All payments shall be made to, and all notices, requests, demands, and other communications hereunder shall be deemed to have been duly received by, the person to whom addressed when personally delivered or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed:

In the case of Franchisor: Mo'Tail & Spaw Franchising L.L.C. 6218 Willowmere Dr, Des Moines, IA 50321, or to such other persons or address as Franchisor may from time to time designate

in the case of Developer: _____ at:

_____

_____

_____

H. Severability

In the event that any provision of this Agreement, in whole or in part (or the application of any provision to a specific situation), shall be held by the final judgment of a court of competent jurisdiction after appeal or the time for appeal has expired, to be invalid, unenforceable or in violation of any federal, state or local law, regulation or ordinance applicable to this Agreement, such invalidity shall be limited to such specific

provision or portion thereof (or to such situation), and this Agreement shall be construed and applied in such manner as to minimize such invalidity. All other provisions of this Agreement shall otherwise remain in full force and effect.

If any applicable and binding law or regulation of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement that is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or regulation of any jurisdiction, any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor is invalid or unenforceable, then the prior notice and/or other action required by such law or regulation shall be substituted for the comparable provisions hereof, and Franchisor shall have the unlimited right to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it was separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or from any specification, standard, or operating procedure prescribed by Franchisor, any portion or portions that a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Any such modifications to this Agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

I. Survival of Covenants

All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret such provisions (such as, by way of illustration and not limitation, the provisions relating to arbitration and injunctive relief), shall survive the termination, expiration or cancellation of this Agreement or the franchise granted hereunder.

J. No Third-Party Beneficiaries

Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity not a party hereto.

K. Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

XI. ENFORCEMENT

A. Injunctive Relief

Franchisor shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (a) Developer's use of the Marks; (b) the obligations of Developer upon the termination or expiration of this Agreement; (c) Covenants of Developer; (d) any assignment or transfer of this Agreement or any ownership interest contrary to this Agreement; or (e) as necessary to prohibit any act or omission by Developer or its employees or agents: (i) that would constitute a violation of any applicable law, ordinance, or regulation: (ii) that is dishonest or misleading to Franchisor and/or Franchisor's other Developers; or (iii) that, in Franchisor's reasonable judgment, may harm, tarnish, impair or reflect unfavorably upon the reputation, name, services or operation of the Franchised Business, Franchisor, the System or the Marks.

B. Arbitration

Except as otherwise provided herein, any claim or controversy arising out of or related to this Agreement, or the breach thereof shall be settled by mandatory binding arbitration in Polk County, Iowa, in accordance with the U.S. Arbitration Act, if applicable, and the Rules of the American Arbitration Association (in accordance with the rules relating to the arbitration of disputes arising from franchise and license agreements, if any, or otherwise in accordance with the general rules of commercial arbitration), provided that at the option of Franchisor or Developer, the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association (if obtainable, or otherwise in accordance with the customary procedures for selecting an arbitrator). The arbitrator shall allow discovery in accordance with the Federal Rules of Civil Procedure and may apply sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award, and the Arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Developer. During the pendency of any arbitration proceeding hereunder, Developer and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. All arbitration proceedings will be individual proceedings between Franchisor and Developer and will not be conducted on a "class" basis or include any other of our Developer as named parties unless Franchisor and Developer each agree. The arbitration proceedings shall take place in Polk County, Iowa, or the county of the state where the Franchisor is then headquartered.

C. No Right to Offset.

Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

D. Jury and Special Damages

DEVELOPER AND FRANCHISOR EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IF THERE IS A DISPUTE WITH THE OTHER, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED. DEVELOPER WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY DEVELOPER AGAINST FRANCHISOR CONCERNING THIS AGREEMENT, DEVELOPER'S CONTRACT DAMAGES SHALL NOT EXCEED AND SHALL BE LIMITED TO A REFUND OF DEVELOPER'S FRANCHISE FEE PAYMENTS.

DEVELOPER AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the Effective Date.

FRANCHISOR: MO'TAIL & SPAW FRANCHISING L.L.C.	BUSINESS ORGANIZATION DEVELOPER:
Name:	Name:
Title:	Title:
Date:	Date:
Signature	Signature

EXHIBIT 1. **DEVELOPMENT AREA**
TO THE AREA DEVELOPMENT AGREEMENT

The Development Area is as follows:

_____

_____
[attach map if necessary]

_____

Signature:_____	**Signature:**_____
Name:_____	**Name:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____
INDIVIDUAL BUSINESS ORGANIZATION DEVELOPER:	**INDIVIDUAL DEVELOPER:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

EXHIBIT 2. **DEVELOPMENT SCHEDULE**
TO THE AREA DEVELOPMENT AGREEMENT

Fees The Development Fee is $ 30,000 per additional franchise. The Initial Franchise Fee for the first franchise and 1/2 of the Initial Area Development Fee upon signing the Area Development Agreement, and 1/2 of the Initial Area Development Fee upon signing of the additional franchise agreement.

Development Schedule (Section 3). Developer agrees to establish and operate a total of _____ Mo'Tail & Spaw Franchised Businesses in accordance with the timetable set forth below.

The Cumulative Minimum Number of Mo'Tail & Spaw Franchised Businesses required in Compliance by Each Opening Deadline	Deadline from the Effective Date

Ownership of Developer (Section 7.2(a)): If the Developer is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the Developer:

Name	Percentage Ownership
_____	_____%
_____	_____%
_____	_____%
_____	_____%

FRANCHISOR: MO'TAIL & SPAW FRANCHISING L.L.C.	**DEVELOPER:**
Signature:_____	**Signature:**_____
Name:_____	**Name:**_____
Title:_____	**Title:**_____
Date:_____	**Date:**_____

INDIVIDUAL FRANCHISEE:	**DEVELOPER:**
_____	_____
Signature	***Signature***
_____	_____
Print Name	**Print Name**
Date:_____	**Date:**_____

EXHIBIT C. PERSONAL GUARANTY

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

PERSONAL GUARANTY

IN CONSIDERATION for, and as an inducement for Mo'Tail & Spaw Franchising L.L.C. (**Franchisor**) to enter into a Mo'Tail & Spaw franchise agreement and any powers of attorney and other instruments dated concurrently herewith (collectively the **Franchise Documents**) between Franchisor and the business entity identified below (**Franchisee**), the undersigned (**Guarantors**) hereby jointly and severally guarantee to Franchisor, and to Franchisor's successors and assigns (a) the timely payment of all Royalty Fees, late fees, interest charges, and all other fees and charges provided for under the Franchise Agreement; and (b) the timely performance of all of the provisions of the Franchise Documents for and during the term thereof (including all renewals thereof, if any). Guarantors further specifically agree to be individually bound by all covenants, obligations, and commitments of Franchisee contained in each of the Franchise Documents to the same extent as if each of the Guarantors had individually executed the same as Franchisee.

Guarantors understand and agree that any modification of the Franchise Documents, including any addendum thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the Franchise Documents, including any addendum thereto, shall not in any way release Guarantors from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation

of Franchisee is so released, terminated, affected or diminished. Notice to Guarantors of any such modification, waiver, extension, or forbearance under the terms thereof is hereby waived.

Guarantors hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Documents, in whole or in part, that Franchisor or its assignees may make. Guarantors agree to pay all costs, including reasonable attorneys' fees, incurred by Franchisor to collect or otherwise enforce the terms of this Guaranty. This Guaranty has been delivered in the State of Iowa and shall be construed and enforced in accordance with the laws thereof. Jurisdiction and venue in any action to enforce this Guaranty shall be in any state or federal court within the State of Iowa in the judicial district where Franchisor has its principal place of business. Guarantors consent to the exercise of personal jurisdiction by any such court and waive any defense of lack of personal jurisdiction or improper venue.

GUARANTOR: _____
_____, Individually

GUARANTOR: _____
_____, Individually

FRANCHISEE:
Signature_____

Name: _____

Title: _____

Date: _____

EXHIBIT D. RESTRICTIVE COVENANT AGREEMENT

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

RESTRICTIVE COVENANT AGREEMENT

THIS AGREEMENT, by and between, Mo'Tail & Spaw Franchising L.L.C. (**Franchisor**), _____ (**Franchisee**), a [corporation] [partnership] [limited liability company] organized under the laws of the State of _____, and _____ (**Covenantor**), an individual resident of the State of _____.

WITNESSETH:

WHEREAS, pursuant to that certain Franchise Agreement dated _____ (the **Franchise Agreement**), Franchisor granted Franchisee a franchise to operate a Mo'Tail & Spaw Franchised Business (the **Franchise**), using Franchisor's unique franchise system and Franchisor's trade name and service mark Mo'Tail & Spaw and other proprietary marks; and

WHEREAS Covenantor is the owner (or spouse of the owner) of the Franchisee.

WHEREAS, Franchisor has expended substantial amounts of time and money in developing the Marks (as hereinafter defined) and Franchisor's distinctive franchise system, including, without limitation, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, and procedures for the efficient operation of a Mo'Tail & Spaw Franchised Business, all of which Covenantor acknowledges to be confidential and proprietary information; and

WHEREAS, in connection with the operation of the Franchise, Covenantor will have access to such confidential and proprietary information and

WHEREAS, as a condition precedent to granting the Franchise to Franchisee, all shareholders, officers, partners, or members of Franchisee must execute the covenants contained herein;

NOW, THEREFORE, as additional consideration and inducement for granting the Franchise to Franchisee, Covenantor hereby agrees and covenants to Franchisee as follows:

1. Confidentiality. Covenantor acknowledges the proprietary and confidential nature of Franchisor's Operating Manual, which Franchisee has received on loan from Franchisor, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, client or referral lists, procedures for the efficient operation of a Mo'Tail & Spaw Franchised Business, and any other methods, procedures, processes, techniques, information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's Franchise, in particular, that may not be commonly known to the public or to Franchisor's or Franchisee's competitors and that Franchisor or Franchisee has identified or may identify as proprietary and confidential information (**Trade Secrets**). Covenantor shall use such Trade Secrets solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other person, entity, or organization.

2. Proprietary Marks. Covenantor acknowledges Franchisor's right, title, and interest in and to the service mark Mo'Tail & Spaw, Mo'Tail & Spaw Systems, Franchisor's stylized design, and certain other proprietary service marks, logos, symbols, and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the Marks). Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Covenantor expressly covenants that he/she shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof during the term of the Franchise Agreement or after the expiration or termination thereof pledges that his/her violation of any of the covenants contained in this Agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by the terms of this Agreement. This remedy shall be in addition to any and all other remedies that may be available to Franchisor or Franchisee.

3. Non-competition. Covenantor covenants that, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly, for him/herself or through, on behalf of, or in conjunction with any person, entity or organization, own, maintain, operate, engage in, or have any interest in, any business offering grooming and boarding or any other products or services that have been offered by the Franchised Business, within twenty-five (25) miles of any Mo'Tail & Spaw Franchised Business. This restriction shall not apply to the beneficial ownership by Covenantor of less than five percent (5%) of the outstanding equity securities of any corporation whose securities are registered under the Securities and Exchange Act of 1934. In the event of the violation of this provision following expiration, termination, or assignment of the Franchise Agreement, the period of time Covenantor shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Covenantor is no longer in breach of such obligation.

4. Non-solicitation. Covenantor covenants that he/she shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing, either

directly or indirectly, for him/herself or through, on behalf of, or in conjunction with, any person, entity or organization for a period of two (2) years, divert or attempt to divert any business or client of Franchisee's business, or of any other Franchisee of Franchisor, to any competitor or to Covenantor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may be injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system. In the event of the violation of this provision following expiration, termination, or assignment of the Franchise Agreement, the period of time Covenantor shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Covenantor is no longer in breach of such obligation.

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

6. Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

7. Construction. The parties agree that this Agreement shall be deemed to have been entered into and shall be governed by and construed in accordance with the laws of the State where the Franchise is located.

8. Jurisdiction. The parties agree that any action based upon this Agreement brought by any party hereto against any other party hereto may be brought within the State and judicial district where the Franchised Business is located, and the parties hereby consent to the exercise of personal jurisdiction by any such court and waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

9. Legal Expenses. In the event a dispute arises under this Agreement, the prevailing party shall be entitled to recover its expenses, including reasonable attorney and accountant fees, in addition to any other relief to which it may be found entitled.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their duly authorized representative as of the dates set forth below.

Date: _____ _____

COVENANTOR

FRANCHISEE:

Date: _____ Signature: _____

Name: _____

Title: _____

FRANCHISOR: MO'TAIL & SPAW FRANCHISING L.L.C.

Date: _____

Signature: _____

Name: _____

Title: _____

EXHIBIT E. POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER

The undersigned Mo'Tail & Spaw franchisee (**Assignor**) does hereby irrevocably constitute and appoint Mo'Tail & Spaw Franchising L.L.C., an Iowa Limited Liability Company (**Assignee**), the true and lawful attorney-in-fact and agent for Assignor and in Assignor's name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Assignee, may be necessary or advisable for the sole purpose of assigning to Assignee or Assignee's designee all of Assignor's right, title and interest in and to any and all telephone numbers of Assignor's Mo'Tail & Spaw Franchised Business and all related Yellow Pages, White Pages and other business listings, including but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services for Assignor, hereby granting unto Assignee full power and authority to do and perform any and all acts and things which, in the sole discretion of Assignee, are necessary or advisable to be done as fully to all intents and purposes as Assignor might or could itself do, hereby ratifying and confirming all that Assignee may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether Assignor has designated any other person to act as its attorney-in-fact and agent, no person, firm, or corporation dealing with Assignee will be required to ascertain the authority of Assignee, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Assignee. Any person, firm, or corporation dealing with Assignee shall be fully protected in acting and relying on a certificate of Assignee that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Assignor will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Assignor by Assignee will be deemed to include such a certificate on the part of Assignee, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This power of Attorney will terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated even herewith by and between the Assignee and Assignor. Such termination, however, will not affect the validity of any act or deed that the Assignee may have affected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest. It is executed and delivered in the State of Iowa and the laws of the State of Iowa and will govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

ASSIGNOR (Franchisee):

_____

[Name of Franchisee]

Signature: _____

Name: _____

Title: _____

STATE OF _____, COUNTY OF _____, Ss.

Acknowledged and subscribed before me, a Notary Public in and for said County and State, this _____ day of _____.

NOTARY PUBLIC

EXHIBIT F. STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

STATE FRANCHISE REGULATORS

California
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut
Securities & Business Investments Division
Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

Florida
Dept. of Agriculture and Consumer Services
Division of Consumer Services
227 N. Burrough Street
City Centre Building, 7th Floor
Tallahassee, FL 32301
(904) 922-2770

Georgia

Governor's Office of Consumer Affairs
2 Martin Luther King, Jr. Drive SE
356 West Tower
Atlanta, GA 30334-4600
(404) 651-8600

Hawaii
Dept. of Commerce & Consumer Affairs
Business Registration Division
1010 Richards Street
Honolulu, HI 96813
(808) 586-2722

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

Indiana
Indiana Securities Division
302 West Washington Street
Room E111
Indianapolis, IN 46204
(317) 232-6681

Kentucky
Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankfort, KY 40602-2000
(502) 573-2200

Louisiana
Office of the Attorney General
Consumer Protection Section
PO Box 94005
Baton Rouge, LA 70804-9005
(225) 326-6460

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

Michigan
Department of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, MI 48913
(517) 373-7117

Minnesota
Department of Commerce
Registration Division
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
651-539-1600

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

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

North Carolina
Department of the Secretary of State
Securities Division
300 N. Salisbury Street
Raleigh, NC 27603-5909
(919) 733-3924

North Dakota
North Dakota Securities Department
State Capitol, Fifth Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island
Department of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910
(401) 462-9587

South Carolina
Secretary of State
1205 Pendleton Street
525 Edger Brown Building
Columbia, SC 29201
(803) 734-1958

South Dakota
Dept. of Labor and Regulations
Division of Securities
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-48233

Texas
Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(513) 475-1769

Utah
Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 45804
Salt Lake City, UT 84145-0804
(801) 530-6601

Virginia
State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9276

Washington
Department of Financial Institutions
Securities Division
P.O. Box 41200,

Olympia, WA 98504-1200
(360) 902-8760

Wisconsin
Department of Financial Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, WI 53703
(608)266-1064

AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834

Hawaii
Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana
Administrative Office of the Secretary of State
201 State House
Indianapolis, IN 46204

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

Minnesota
Minnesota Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

New York
Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota
Securities Commissioner
5th Floor, 600 East Boulevard
Bismarck, ND 58505-0510

Rhode Island
Dept. of Business Regulation
Securities Division
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02910

South Dakota
Division of Securities
Dept. of Labor and Regulations
124 S. Euclid Suite 104
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Director of Dept. of Financial Institutions
Security Division
150 Israel Rd SW
Tumwater WA 98501

Wisconsin
Commissioner of Securities
101 East Wilson Street
Madison, WI 53703

EXHIBIT G. LIST OF FRANCHISEES

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

There were no Mo'Tail & Spaw Franchising L.L.C. Franchisees as of December 31, 2025

EXHIBIT H. LIST OF FRANCHISEES THAT LEFT THE SYSTEM

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

There were no Franchisees who left the system during the most recently completed fiscal year or who have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

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

EXHIBIT I. FINANCIAL STATEMENTS

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

The franchisor has not been in business for three years or more; and, therefore, cannot include all financial statements required.

Mo'Tail & Spaw Franchising, LLC

Independent Auditor's Report
And
Balance Sheet Statement
January 31, 2026

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
2901 Corporate Cir, Flower Mound, Texas 75028
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Mo'Tail & Spaw Franchising, LLC

Opinion

We have audited the accompanying balance sheet of Mo'Tail & Spaw Franchising, LLC (the Company) as of January 31, 2026 and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Company as of January 31, 2026 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.
In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Metwally CPA PLLC

Metwally CPA PLLC
Flower Mound, Texas
February 18, 2026

Mo'Tail & Spaw Franchising, LLC
Balance Sheet
January 31, 2026

Assets	
Current Assets	
Cash and cash equivalents	$35,900
Total Current Assets	**$35,900**
Liabilities and Members' Equity	
Total Liabilities	**$0**
Member's Equity	35,900
Total Liabilities and Members' Equity	**$35,900**

The accompanying notes are an integral part of the financial statement.

Mo'Tail & Spaw Franchising, LLC
Notes to Financial Statement
January 31, 2026

1. COMPANY AND DESCRIPTION OF BUSINESS

Mo'Tail & Spaw Franchising, LLC (the Company) was established in the state of Florida on October 24, 2025, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their business as a franchise. The Company provides the qualified individual with the right to own and operate a "Mo'Tail & Spaw" branded pet care center within a defined, protected territory. The franchise includes the right to operate a dog-focused service business offering: Dog daycare, Overnight boarding, Grooming services, Retail pet products, and other services and products. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statement. The financial statement and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statement.

3. Basis of Accounting

The financial statement was prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

4. Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

A. Federal Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statement.

B. Use of Estimates

The preparation of our Company's financial statements 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 our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

C. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

D. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilizes ASC 606 five-stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned overtime as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The Company didn't generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

E. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meets the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company since inception. There was no impact on the Company's financial statements as a result of the implementation of this standard.

5. CASH AND CASH EQUIVALENT

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On January 31, 2026 the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of January 31, 2026 the Company has approximately $35,900 in cash in their operating bank account.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 18, 2026 which is the date the financial statement were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statement.

EXHIBIT J. TABLES OF CONTENTS OF OPERATING MANUAL

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

Franchise Operations Manual

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EXHIBIT K. STATE SPECIFIC ADDENDUMS

TO THE MO'TAIL & SPAW FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA STATE ADDENDUM TO THE DISCLOSURES, FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT:

The following are required by Cal. Code Regs. Tit. 10, § 310.114.1

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner**.

2. The franchise agreement and area development agreement require binding arbitration. The arbitration will occur in Polk County, Iowa, with the costs being borne equally by franchisor and franchisee. 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 and area development agreement requires restricting venue to a forum outside the State of California.

3. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

    (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
    (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
    (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
    (d) Violations of any provision of this division

4. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the franchise disclosure document 14 days prior to execution of the agreement.

5. The highest interest rate allowed by law in California is 10% annually.,

6. 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.

7. The franchisor, any person or franchise broker in Item 2 of the UFOC is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

8. California Business and Professions Code 20000 through 20043 provides rights to the franchise concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement and area development agreement contain a provision that is inconsistent with the law, the law will control.

9. The franchise agreement and area development agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

10. The franchise agreement and area development agreement contain a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

11. 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 and area development agreement requires restricting venue to a forum outside the State of California.

12. The franchise agreement and area development agreement require the application of the laws of Iowa. This provision may not be enforceable under California law.

13. Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form containing the information that the commissioner may, by rule or order, require before a solicitation of a proposed material modification of an existing franchise.

14. Our website www.Motailandspaw.com has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the contents of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The following additional disclosures are required by the Hawaii Franchise Investment Law:

The following list reflects the status of our franchise registrations in the states which have franchise registration laws:

- This registration is effective in the states of Florida, Indiana, Kentucky, Nebraska, Texas, and Virginia.

- There are no states which have refused, by order or otherwise, to register these franchises.

- There are no states which have revoked or suspended the right to offer these franchises.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement and area development agreement require, or any of their exhibits or attachments, the terms of this Addendum control.

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Hawaii Franchise Investment Law:

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq., and* the Franchise Agreement is amended as follows: The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination, and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control it.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

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

815 ILCS 705/41 provides that any condition, stipulation or provision in the franchise agreement that requires you to waive any of your rights under, or the franchisor's obligation to comply with any provision of, the Illinois Franchise Disclosure Act of 1987, as amended, the Illinois Disclosure Rules and Regulations, or any other law of Illinois, is void.

Nonrenewal of your franchise must comply with 815 ILCS 705/20. Termination of your franchise must comply with 815 ILCS 705/19.

Any provision in the franchise agreement that requires the application of the laws of another state is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.

Any provision in the franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

The Choice of Forum stated in Item 17v is modified to state that

> *All claims must be brought in Polk County, Iowa, or in the County in the state of Illinois where your franchise is located.*

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND OTHER AGREEMENTS

The Franchise Agreement to which this addendum is attached, which may have been entered into by and between the below-undersigned parties incident to the execution of the Franchise Agreement (collectively referred to as the "Franchise Related Agreements") are amended as follows to comply with the Illinois Franchise Disclosure Act of 1987, as amended, and the Illinois Disclosure Rules and Regulations:

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

2. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. Any provision in the Franchise Agreement and Franchise Related Agreements that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Illinois is void with respect to a claim otherwise enforceable under the Illinois Franchise Disclosure Act.

4. Illinois law governs the Franchise Agreement(s).

5. In conformance with Section 41 of the Illinois Franchise Disclosure act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The parties are signing this addendum concurrently with the Franchise Agreement and Franchise Related Agreements to which it is attached.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

.

INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS COURT DECISIONS, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT, WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE, MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

1. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

2. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.

3. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

ITEM 17

The franchise agreement provision, which provides for termination upon bankruptcy of the franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

The Franchise Agreement and Area Development Agreement to which this addendum is attached are amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

1. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

6. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

FOR RESIDENTS OF THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

8.

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

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

9. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in paragraph 3 above.

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

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

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

Any questions regarding the notice of this offering on file with the attorney general should be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Minnesota Franchise Law:

The Minnesota Department of Commerce requires that the franchisor indemnifies Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes the trademark rights of the third party. The franchisor does not indemnify against the consequences of the franchisee's use of the franchisor's trademark except in accordance with the requirements of the franchise.

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

Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a franchisor from requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, Section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J states that it is unfair and inequitable for a franchisor to require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or to consent to liquidated damages, termination penalties, or judgment notes. Any language found in the disclosure document or Franchise Agreement contrary to this rule is amended so that it does not apply to Minnesota franchisees.

THE STATE OF MINNESOTA HAS STATUTES, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF MINNESOTA ALSO HAS COURT DECISIONS, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, THE FRANCHISOR MUST COMPLY WITH MINNESOTA STATUTE 80C.14, SUBDIVISIONS 3, 4, AND 5, WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIC CASES, THAT A FRANCHISEE BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS NOTICE FOR NONRENEWAL OF THE FRANCHISE AGREEMENT. A PROVISION IN THE FRANCHISE AGREEMENT, WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE, MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF MINNESOTA HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED. LIQUIDATED DAMAGE PROVISIONS ARE VOID UNDER MINNESOTA LAW.

Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the requirement that all litigation must take place in California shall not in any way abrogate or reduce any rights of the franchise as provided for in Minnesota Statutes, Chapter 80C.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90

days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the franchise agreement.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Minnesota Franchise Law:

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

2. Franchisor shall protect the right of Franchisee to use the Marks in accordance with the requirements of the Franchise Agreement.

3. Provision XX(F) is modified to provide: Except for claims against Franchisee concerning the underreporting of gross sales and for claims against Franchisee by Franchisor relating to third party claims or suits brought against Franchisor; as a result, Franchisee's operation of the franchise business, any and all claims arising out of or relating to this Agreement or the relationship between the parties hereto shall be barred unless an arbitration or legal proceeding is commenced within three (3) years from the date Franchisee, or Franchisor knew or should have known of the facts giving rise to such claims.

4. Section XXII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of Minnesota.

5. Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchise Agreement does not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C. These statutes prohibit Franchisor from requiring litigation to be conducted outside Minnesota or abrogating or reducing any of Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

6. With respect to franchises governed by Minnesota law, Franchisor shall comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

7. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____

FRANCHISEE**:**

By:_____

Its:_____ Its:_____

Date:_____ Date:_____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for a franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the North Dakota Franchise Investment Law:

Covenants restricting or prohibiting your right to compete after the termination or expiration of your franchise agreement are generally considered unenforceable in the State of North Dakota.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any mediation, if necessary, will take place at the American Arbitration Association office nearest your business Site.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the North Dakota Franchise Investment Law:

1. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

2. Section 15.1 is amended by the addition of the following sentence:

   "Covenants not to compete such as the one described above are generally considered unenforceable in the State of North Dakota."

3. The final two paragraphs of provision XXI(B) are hereby deleted.

4. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of North Dakota.

5. The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

MO'TAIL & SPAW FRANCHISING L.L.C.	BUSINESS ORGANIZATION FRANCHISEE:
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

INDIVIDUAL FRANCHISEE:	INDIVIDUAL FRANCHISEE:
_____	_____
Signature	*Signature*
Date: _____	Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Rhode Island Franchise Investment Act:

A condition, stipulation, or provision requiring a franchise to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this act or a rule or order under this act is void.

A provision is a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Rhode Island Franchise Investment Act.

1. A general release requiring as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Rhode Island Franchise Investment Act.

2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____
Its:_____

Date:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the development agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law:

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISION OF THE FRANCHISE AGREEMENT THAT IS INCONSISTENT WITH THAT LAW. THE STATE OF WISCONSIN MAY ALSO HAVE COURT DECISIONS, WHICH MAY SUPERSEDE THE FRANCHISE RELATIONSHIP IN RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS, WHICH RESTRICT THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND STATE AND FEDERAL COURT DECISIONS. A PROVISION IN THE FRANCHISE AGREEMENT, WHICH TERMINATED THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE, MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

We may revoke our approval of any previously approved supplier at any time if the quality of the product or the supplier's financial condition or ability to satisfy your requirements does not continue to meet our satisfaction.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Wisconsin Fair Dealership Law:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats., supersedes any inconsistent provisions of the Franchise Agreement.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:
MO'TAIL & SPAW FRANCHISING L.L.C.

By:_____
Its:_____

FRANCHISEE**:**

By:_____
Its:_____

Date:_____ Date:_____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Item 23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mo'Tail & Spaw Franchising L.L.C. 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 or sooner if required by applicable state law.

[New York, Oklahoma, and Rhode Island require that Mo'Tail & Spaw Franchising L.L.C. gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Iowa requires that Mo'Tail & Spaw Franchising L.L.C. gives you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan and Oregon require that Mo'Tail & Spaw Franchising L.L.C. gives you this disclosure document at least 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

If Mo'Tail & Spaw Franchising L.L.C. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on EXHIBIT F.

The name, principal business address and telephone number of each franchise seller offering the franchise is: Kyle Casey, Chief Executive Officer and Co-Founder, Jason Fielder, Chief Financial Officer and Co-Founder, and Tim Schoenfelder, Director of Business Development at 6218 Willowmere Dr, Des Moines, IA 50321, 515-371-0719, and: _____.

Issuance Date: February 20, 2026

Our registered agents authorized to receive service of process for us are listed in EXHIBIT F.

I have received a disclosure document dated February 20, 2026. This disclosure document included the following Exhibits:

EXHIBIT A.	**FRANCHISE AGREEMENT**	**EXHIBIT G.**	**LIST OF FRANCHISEES**
EXHIBIT B.	**AREA DEVELOPMENT AGREEMENT**	**EXHIBIT H.**	**LIST OF FRANCHISEES THAT LEFT THE SYSTEM**
EXHIBIT C.	**PERSONAL GUARANTY**	**EXHIBIT I.**	**FINANCIAL STATEMENTS**
EXHIBIT D.	**RESTRICTIVE COVENANT AGREEMENT**	**EXHIBIT J.**	**TABLES OF CONTENTS OF OPERATING MANUAL**
EXHIBIT E.	**POWER OF ATTORNEY TO ASSIGN TELEPHONE NUMBER**	**EXHIBIT K.**	**STATE SPECIFIC ADDENDUMS**
EXHIBIT F.	**STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS**		

Date	Signature	Print Name
Date	Signature	Print Name

KEEP THIS COPY FOR YOUR RECORDS

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Date	Signature	Print Name
Date	Signature	Print Name

RETURN TO: Mo'Tail & Spaw Franchising L.L.C. at 6218 Willowmere Dr, Des Moines, IA 50321