FRANCHISE DISCLOSURE DOCUMENT

MY SALON Suite

SALON PLAZA

Received
MAR 30 2017
Department of
Business Oversight

Suite Management Franchising, LLC
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Suite Management Franchising, LLC offers franchises for the operation of: (i) turnkey salon suite studios and related services in a luxury environment under the brand My Salon Suites to salon professionals where such professionals can provide health and beauty services to their own respective clients ("**My Salon Suite Businesses**"); and (ii) turnkey salon suite studios and related services featuring upscale modern décor under the brand Salon Plaza to salon professionals where such professionals can provide health and beauty services to their own respective clients ("**Salon Plaza Businesses**").

The total investment necessary to begin operation of a My Salon Suite and/or Salon Plaza Business is between $371,150 and $959,250. This includes $53,500 that must be paid to the franchisor or its affiliates. The initial investment listed throughout this document does not include any money received from landlords for tenant improvement allowances.

Franchisees may also choose to become a Multi-Unit Operator ("**Multi-Unit Operator**"), earning the right to establish and operate three (3), six (6), or ten (10) My Salon Suite or Salon Plaza franchises under a Multi-Unit Option Agreement ("**Multi-Unit Option Agreement**") containing a development schedule. The total investment necessary to enter into the Multi-Unit Option Agreement will depend on the number of My Salon Suite Businesses and/or Salon Plaza Businesses to be opened. The total investment necessary to begin operation of a Multi-Unit Operator business is between $420,150 and $1,109,250, which includes between $99,000 and $200,000 that must be paid to franchisor at the time the Multi-Unit Option Agreement is signed. The total investment necessary to begin operation of a six (6) Multi-Unit Operator business is between $471,150 and $1,059,250, which includes $150,000 that must be paid to franchisor at the time the Multi-Unit Option Agreement is signed. The total investment necessary to begin operation of a ten (10) Multi-Unit Operator business is between $521,150 and $1,109,250, which includes $200,000 that must be paid to franchisor at the time the Multi-Unit Option Agreement is signed. You will also have the option to open additional My Salon Suite Businesses or Salon Plaza Businesses at the time you execute the Multi-Option Agreement.

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

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 Ken McAllister at 3900 N. Causeway Boulevard, Suite 1200, Metairie, Louisiana 70002 or (855) 677-3726.

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

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

Issuance Date: March 29, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit D** to this disclosure document for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPTION AGREEMENT REQUIRE YOU TO MEDIATE OR LITIGATE WITH THE FRANCHISOR ONLY IN LOUISIANA. OUT OF STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR LITIGATE WITH US IN LOUISIANA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT AND MULTI-UNIT OPTION AGREEMENT STATE THAT LOUISIANA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. IF THE FRANCHISEE IS A BUSINESS ENTITY, THE FRANCHISE AGREEMENT REQUIRES THAT EACH INDIVIDUAL OWNING AN INTEREST IN THE FRANCHISEE ENTITY AND THEIR RESPECTIVE SPOUSES MUST EXECUTE A PERSONAL GUARANTY, MAKING SUCH FRANCHISE OWNER AND HIS/HER SPOUSE LIABLE FOR THE OBLIGATIONS UNDER THE AGREEMENT, PLACING PERSONAL AND MARITAL ASSETS AT RISK.

4. IF THE FRANCHISEE IS AN INDIVIDUAL, THEN THE FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY PLACING PERSONAL AND MARITAL ASSETS AT RISK.

5. THE FRANCHISOR'S FINANCIAL RESOURCES MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE OPPORTUNITY.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates: See next page for state effective dates.

STATE EFFECTIVE DATES

The following states require the 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 disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

Effective Dates for States Requiring Registration and Notice Filings:

STATE	EFFECTIVE DATE
CALIFORNIA	Pending
FLORIDA	October 16, 2016
HAWAII	NOT REGISTERED
ILLINOIS	Pending
INDIANA	Pending
MARYLAND	
MICHIGAN	October 15, 2016
MINNESOTA	Pending
NEW YORK	Pending
NORTH DAKOTA	NOT REGISTERED
RHODE ISLAND	NOT REGISTERED
SOUTH DAKOTA	NOT REGISTERED
VIRGINIA	Pending
WASHINGTON	Pending
WISCONSIN	Pending

NOTICE REQUIRED BY 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, and telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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EXHIBITS:

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT **EXHIBIT E**.

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

To simplify the language in this Franchise Disclosure Document, "**SMF**," "**Franchisor**," and "**we**," "**us**," or "**our**" means Suite Management Franchising, LLC, the franchisor. "**You**," "**your**," and "**Franchisee**" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from SMF.

The Franchisor and its Affiliates

SMF is a Florida limited liability company formed on March 30, 2012. We operate under the name Suite Management Franchising, LLC, and our proprietary marks, including MY SALON SUITE, and SALON PLAZA and no other name. Our principal business address is 3900 N. Causeway Boulevard, Suite 1200, Metairie, Louisiana 70002. We franchise My Salon Suite Businesses and have done so since July 1, 2012. We began franchising Salon Plaza Businesses in April 2015. We have not, and do not, operate any franchises like those described in this Franchise Disclosure Document, or in any other line of business. We do not conduct any other business other than franchising My Salon Suite Businesses and Salon Plaza Businesses. We have no predecessor or parent entities.

Our affiliate, Suite Management Inc. ("**SMI**") owns the intellectual property and trademarks for the My Salon Suite Franchise System and licenses it to us. SMI's principal business address is 3500 Chateau Boulevard, Kenner, LA 70065.

We have four (4) affiliates that operate businesses similar to the type offered in this Franchise Disclosure Document. These affiliates have not offered franchises in any line of business. Each of our affiliates has operated a My Salon Suite Business that is similar to the My Salon Suite Business being offered in this Franchise Disclosure Document since 2010 (Suite Management, Inc.) and 2011 (Suite Management of Kenner and Suite Management of Sarasota). Our affiliates do not offer franchises in any other line of business and, except as otherwise provided in this Item, are not otherwise engaged in any other business activity.

Our agent for service of process for Louisiana is Kenneth McAllister, 3500 Chateau Boulevard, Kenner, LA 70065. Our agent(s) for service of process for other states are listed in **Exhibit D** to this Franchise Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchises

We offer two franchises in this disclosure document that operate under our proprietary system ("**Franchise System**"). One is for the use of the "**MY SALON SUITE**" trademarks, trade names, service marks, and logos ("**MSS Marks**") for the operation of My Salon Suite Businesses. The other is for the use of our "**SALON PLAZA**" trademarks, trade names, service marks, and logos ("**SP Marks**") for the operation of Salon Plaza Businesses. The term "Marks" also includes any distinctive trade dress used to identify a My Salon Suite Business or Salon Plaza Business, as applicable, whether now in existence or created at a later date. If you choose to acquire a franchise for a My Salon Suite Business, your business will operate under the MSS Marks. If you choose to acquire a franchise for a Salon Plaza Business, your business will operate under the SP Marks. My Salon Suite Businesses offer turnkey salon suite studios and related services in a luxury environment under the brand My Salon Suites to salon professionals where such professionals can provide health and beauty services to their own respective clients. Salon Plaza Businesses

offer turnkey salon suite studios and related services featuring upscale modern décor under the brand Salon Plaza to salon professionals where such professionals can provide health and beauty services to their own respective clients.

Unless otherwise stated, any reference in this Franchise Disclosure Document to "**Franchised Business**" is applicable to both a My Salon Suite Businesses and a Salon Plaza Businesses. We will designate which of the Franchised Businesses in the attachment to the franchise agreement. The Franchised Businesses operate from a single location and facility we approve (the "**Approved Location**") and provide turnkey salon studio spaces at the Approved Location to salon professionals where these professionals can provide salon services (such as hair styling, nail treatments, and massage therapy) to their respective clientele, as well as other authorized products and services at the Approved Location.

Franchisees are required to sign our franchise agreement for the Franchised Business. Our current form of franchise agreement is attached to this Franchise Disclosure Document as **Exhibit B** (the "**Franchise Agreement**").

You will typically lease your Approved Location, which will be between 4,000 to 8,000 square feet in size, with the average size being approximately 5,000 square feet. The Approved Location is converted or remodeled into individual suites ("**Individual Suites**"). The leasable space per Individual Suite will vary, with the average Individual Suite ranging in size from 120 square feet to 150 square feet of leasable space that you will sublease to third-party salon professionals. Your Franchised Business will also be required to provide salon management and maintenance services for each Individual Suite, and the common areas of the Approved Location. Each Individual Suite and the common areas in your Approved Location must have access to wireless Internet. Each salon professional that subleases an Individual Suite is solely responsible for collecting its own revenue and scheduling its own appointments.

Under the Franchise Agreement, you will be granted limited territorial rights within a geographical area we designate in our sole discretion (the "**Protected Territory**"). We will not establish and operate, nor license any other third party the right to establish and operate, a Franchised Business within the designated geographical area that we will identify in the Franchise Agreement. We retain all other rights, including without limitation, those rights set forth in ITEM 12. In our sole discretion, the size of your Protected Territory may vary from other franchisees based on the location and demographics surrounding your Approved Location, but the typical Protected Territory will be a radius of two (2) miles. Within 90 days after signing on a site, we may elect to narrow and/or expand the boundaries of your Protected Territory, which may be described in terms of zip codes, streets, landmarks (both natural and man-made) and state or county lines which may result in a Protected Territory that is larger or smaller than the two (2) mile radius.

You are solely responsible for ensuring that you comply with all applicable laws and regulations, as well as obtaining all necessary permits and licenses, in connection with the establishment and operation of your Franchised Business. We may provide you with template lease or sublease forms, but you must ensure that these forms (if provided) are modified as necessary to comply with such laws and regulations, including commercial leasing laws and other landlord-tenant laws.

If you qualify, we may allow you to sign the Multi-Unit Option Agreement which is attached to this Franchise Disclosure Document as **Exhibit C**, and develop a designated number of Franchised Businesses under either the MSS Marks or the SP Mark. Under a Multi-3 Multi-Unit Option Agreement, you will have the right to open up to three (3) Franchised Businesses over a three-year period. Under a Multi-6 Multi-Unit Option Agreement, you will have the right to open up to six (6) Franchised Businesses over a six year period. Under a Multi-10 Multi-Unit Option Agreement, you will have the right to open up to ten (10) Franchised Businesses over a ten-year period. Both My Salon Suite Business and Salon Plaza

Business allow the development of three (3), six (6) or ten (10) Franchises under the Multi-Unit Option Agreement.

Market and Competition

The primary market for the leasing and management of turnkey salon space, as well as the related services provided by a Franchised Business, is comprised of hair stylists, massage therapists, estheticians, nail technicians, and other salon professionals. The services we provide are not seasonal in nature. The market for commercial leasing services is well developed and highly competitive. Franchised Businesses compete with other businesses including franchised operations, national chains, and independently owned companies offering temporary space or leasing solutions to salon professionals. You will also face normal business risks that could have an adverse effect on your Franchised Business. These include industry developments, such as pricing policies of competitors, and supply and demand.

Industry Specific Regulations

You must obtain all necessary permits, licenses, and approvals to operate your Franchised Business. You must comply with all local, state, and federal laws and regulations that apply to any business. Many states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Franchised Business, including those which: (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Franchised Business site and premises; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking and exposure to tobacco smoke or other carcinogens, availability of and requirements for public accommodations, including restroom facilities and public access; (c) set standards pertaining to employee health and safety; (d) regulate matters affecting requirements for accommodations for disabled persons; (e) set standards and requirements for fire safety and general emergency preparedness; and (f) set standards and regulations regarding the licenses, certificates, and permits necessary to lease/sublease commercial spaces and/or the operation of a salon (hair, nail, massage, or other beauty-related services).

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Franchised Business, including those related to the rental of any space by your Franchised Business at your Approved Location, and those related to the establishment and operation of a salon generally, despite any advice or information that we may give you. You should consult with a legal advisor about whether these and/or other requirements apply to your Franchised Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and President: Kenneth McAllister

Mr. McAllister has served as our President and Chief Executive Officer in Metairie, Louisiana since our inception in March 2012. Mr. McAllister also serves as a partner in Suite Management, Inc. in Metairie, Louisiana, as well as Suite Management of Kenner, LLC, and has done so since March 2010. From November 2005 to September 2010, Mr. McAllister worked as President for Submar Inc., located in Houma, Louisiana.

Vice President of Operations: Stacy Eley

Mrs. Eley has served as our Vice President of Operations since January 2016 and previously was Director of Operations from April 2013 through December 2015, in Metairie, Louisiana. From June 2007 to March 2013, Mrs. Eley worked as Senior Director of Franchise Support Services for WellBiz Brands Inc. located in Highlands Ranch, Colorado.

Vice President of Construction: Joe Emberson

Mr. Emberson has served as our Vice President of Construction since January 2016 and previously was Director of Construction from September 2013 through December 2015 in Metairie, Louisiana. From March 2010 to May 2013, Mr. Emberson worked as General Manager of IFCO in Biglerville, Pennsylvania.

Director of Franchise Development – Kristofer Nieb

Mr. Nieb has served as our Director of Franchise Development since October 2015. Mr. Nieb is also the Founder and President of Velocity Franchise Development, LLC in Denver, Colorado, and he has held those positions since July 2015. Mr. Nieb is also President of Kris Nieb & Associates, LLC in Denver, Colorado, and has served in that position since March 2007. From November 2011 through January 2015, Mr. Nieb served as the Senior Vice President of Development for Elements Therapeutic Massage in Highlands Ranch, Colorado. Mr. Nieb performs services for us as an independent contractor through Velocity Franchise Development, LLC.

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

You must pay us an initial franchise fee ("**Initial Franchise Fee**") when you sign the Franchise Agreement. The Initial Franchise Fee for a Franchised Business is $50,000. The Initial Franchise Fee includes the tuition for you and one (1) other individual you designate to attend our proprietary initial training program. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement(s), is uniform and non-refundable and is deemed fully earned by us once paid.

During our last fiscal year, which ended December 31, 2016, we collected three initial Franchise Fees of $50,000 each.

Option Fee

Franchisees may also purchase the rights to open additional Franchised Businesses by signing the Multi-Unit Option Agreement and paying an option fee ("**Option Fee**"). The Option Fee to open up to three (3) Franchised Businesses (the "**Multi-3**") is $99,000. The Option Fee to open up to six (6) Franchised Businesses (the "**Multi-6**") is $150,000. The Option Fee to open up to ten (10) Franchised Businesses (the "**Multi-10**") is $200,000. Under a Multi-3 Multi-Unit Option Agreement, you will have the right to open up to three (3) Franchised Businesses over a three-year period. Under a Multi-6 Multi-Unit Option Agreement, you will have the right to open up to six (6) Franchised Businesses over a six year period. Under a Multi-10 Multi-Unit Option Agreement, you will have the right to open up to ten (10) Franchised Businesses over a ten-year period. To open additional Franchised Businesses under the Multi-Unit Option Agreement, you will be required to sign the then-current Franchise Agreement, but you will not be required to pay an Initial Franchise Fee (all other fees will apply). The Option Fee is uniform, payable when you sign your Multi-Unit Option Agreement, and is nonrefundable under any circumstances, even if you fail to open any Franchised Businesses.

During our last fiscal year, which ended December 31, 2016, we collected one Multi-6 Option Fee of $150,000 and ten (10) Multi-3 Option Fees of $99,000 each.

Expansion Fee

Existing franchisees may purchase additional Franchised Businesses at a later date by paying us an expansion fee ("**Expansion Fee**"). The Expansion Fee is determined as follows: franchisees who originally purchased a single unit can purchase additional units at $35,000 each; franchisees who originally purchased a Multi-3 can purchase at $25,000 each; franchisees who originally purchased a Multi-6 can purchase at $20,000 each; and franchisees who originally purchased a Multi-10 can purchase at $15,000 each. If you commit to purchasing additional Franchised Businesses, you will be required to sign the then-current Franchise Agreement.

Design Standards

You are required to obtain our then-current copy of our "Franchise System Standards and Specifications for the Build-Out, Remodeling or Construction of your Franchised Business" information ("**Design Standards Fee**") and will be required to pay us a fee of $1,000. We will also provide to you or your architect any template architectural or design plans we have previously approved or designated for use (if we have any). For each additional Franchised Business that you open after the first Franchised Business, the fee for any template will be $1,000. This fee is due in full within 5 days of when we invoice you, is uniform, is deemed fully earned by us once paid, and is non-refundable.

Project Management Fee

You must pay us a project management fee ("**Project Management Fee**") of $2,500 to assist with design, service bids, bid process, service management and a total of up to two (2) construction site assistance visits from us including our travel and living expenses. If you require more than two (2) construction site assistance visits or you require any visit to be longer than two (2) days, you will pay our then-current fee, which is currently $500 per day, plus any travel and living expenses incurred by us. The Project Management Fee is due in full within 5 days of when we invoice you, is uniform, is deemed fully earned by us once paid, and is non-refundable. We will typically invoice you when construction begins at the Approved Location.

ITEM 6
OTHER FEES

Type Of Fee[1]	Amount	Due Date	Remarks
Royalty Fee[2]	5.5% of Gross Revenues	On or before the 10th day of each month	The "Royalty Fee" is based on "Gross Revenues" during the previous month.
Brand Building Fund Contribution	Up to 1% of your monthly Gross Revenues or a minimum of $200 a month.	Same as Royalty Fee	This contribution will be used for a "Brand Building Fund" for our use in promoting and building our My Salon Suite or Salon Plaza franchise brands as applicable.
Cooperative Advertising	As determined by cooperative	As determined by cooperative	We currently do not have a cooperative, but reserve the right to require one to be established in the future. ITEM11 contains more information about advertising cooperatives.
Unauthorized Advertising Fee	$500 per occurrence	Upon demand	This fee is payable to us or, if established, the Brand Building Fund, if you use unauthorized advertising, including websites and social media, in violation of the terms of the Franchise Agreement.
Site Selection Assistance	Then-current fee (currently $500 per day plus travel and living expenses)	As incurred	Franchisor may send a representative to travel to any proposed location for the Franchised Business and provide an on-site evaluation of the premises.
Insurance Policies	Cost of insurance premiums, plus a 20% administrative fee	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.

Type Of Fee[1]	Amount	Due Date	Remarks
Initial Training for Additional Persons	$2,000 per person	As incurred	We provide initial training at no charge for up to two (2) people. If you desire to bring additional persons, you will incur this fee.
Additional Assistance and Training	Then-current fee (currently $500 per day plus travel and living expenses)	As incurred	We may establish and require you to attend additional training programs for a certain number of days each year. We may charge you for training newly-hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. See ITEM 11 for additional information.
Technology Fee	Then-current fee (we do not currently charge this fee)	Same as Royalty Fee	We reserve the right to charge you a monthly fee for any custom or proprietary software for use in your Franchised Business.
Convention Fee	Then-current fee (currently estimated to be $500 per person)	Upon demand	Payable to us to help defray the cost of your attendance at any annual convention of all franchises that we choose to hold. This fee is due regardless of whether or not you attend our annual convention in any given year.
Inspection and Testing	The costs we incur in testing/inspecting your proposed product/supplier (estimated to be between $100 to $500)	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint, which varies	On invoice	Payable if a customer of the Franchised Business contacts us with a complaint and we provide a refund, or other value to the customer as part of our addressing the issue.

Type Of Fee[1]	Amount	Due Date	Remarks
Payment Service Fees	Up to 4% of total charge	As incurred	If payment is made to us or our affiliates by credit card for any fee required, we may charge a service charge of up to four percent (4%) of the total charge.
Interest	Lesser of 1.5% per month or the maximum rate permitted by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Returned Check Or Insufficient Funds Fee	$100 per occurrence	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	$100 per occurrence and $100 per week	Your bank account will be debited for failure to submit any requested report within five (5) days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Brand Building Fund, if established, or us. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses (we estimate this cost to be between $1,000 and $15,000)	On demand	You will be required to pay this if an audit reveals that you understated your monthly Gross Revenues by more than two percent (2%) or you fail to submit required reports.
Relocation Fee	Our costs	Upon relocation	You must pay our costs if you relocate your Franchised Business. There are various other conditions you must meet for us to approve your transfer request.

Type Of Fee[1]	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Franchised Business.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Renewal Fee	$2,000	30 days prior to renewal	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.
Transfer Fee	$7,000	$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your Franchised Business, a transfer of ownership of your legal entity, or the Franchise Agreement. This fee includes a training fee for the transferee franchisee.
Extension Fee	$2,500	At time extension is granted.	Grants a six-month extension to the required opening dates term.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via electronic funds transfer ("**EFT**") or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in **Exhibit F**). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into a Multi-Unit Agreement to operate multiple Franchised Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each Franchised Business. All fees are current as of the Issuance Date of this

Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Gross Revenues. "**Gross Revenues**" means the total selling price of all services and products sold and accrued at, from, or through your Franchised Business, whether or not sold or performed at or from your Franchised Business, including the full redemption value of any gift certificate or coupon sold for use at the Franchised Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation), and all income and revenue of every other kind and nature related to the Franchised Business operation, whether for cash or credit, and regardless of collection in the case of credit (See Franchise Agreement, Definitions section, for a complete definition of Gross Revenues).

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee[1]	$50,000	$50,000	Lump sum	Upon signing of Franchise Agreement	Franchisor
Travel and Living Expenses	$1,000	$3,000	As incurred	As incurred	Airlines, Hotels, Restaurants, etc.
Rent or Real Estate[2]	$4,500	$17,000	As determined by lessor	Prior to opening	Lessor
Improvements/ Conversions[3]	$194,000	$593,000	As incurred	Prior to opening	Vendors/ Suppliers
Furniture and Fixtures	$90,000	$195,000	As determined by vendors	Prior to opening or as arranged with vendors	Vendors
Signage	$3,000	$10,000	As determined by vendors	Prior to opening or as arranged with venders	Vendors
Miscellaneous Opening Costs[4]	$1,000	$3,000	As incurred	Prior to opening	Suppliers, Utilities, etc.
Operating Supplies[5]	$1,000	$5,000	As incurred	Prior to opening	Approved Suppliers
Advertising/ Marketing (3 Months)	$10,000	$10,000	As incurred	Prior to opening	Mailings - Media
Insurance (Annual)[6]	$1,400	$4,000	As determined by insurance company	Prior to opening or as arranged by vendor	Insurance Company/Agent
Additional Funds – 3 Months[7]	$0	$40,000	As incurred	As incurred	Various Third Parties

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Design Standards Fee[8]	$1,000	$1,000	Lump sum	Prior to opening, within 5 days of invoice	Franchisor
Project Management Fee[9]	$2,500	$2,500	Lump sum	Prior to opening, within 5 days of invoice	Franchisor
Architectural Services Fee[10]	$11,750	$25,750	As determined by vendors	Prior to opening or as arranged with vendors	Architectural Firm, Design Firm, etc.
TOTAL ESTIMATED INITIAL INVESTMENT[11]	$371,150	$959,250			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. Because of the difference in the interior design for a Salon Plaza Business, the total initial investment for a Salon Plaza may be lower than the low total estimated initial investment. We have arranged financing sources for some of your initial expenses listed here in ITEM 7 through FranFund, Inc. or ApplePie Capital, Inc. ITEM 10 has more information regarding these financing options. You are not required to use these companies for any of your financing needs and you may use other lenders that you find. The availability and terms of any financing depend on your creditworthiness. Our estimates are based on our experience, the experience of our owners and our officers, the experience of our affiliates, and our current requirements for Franchised Businesses. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Franchised Business may be greater or less than the estimates given, depending upon the location of your Franchise, and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.

1. Initial Franchise Fee. See 5 for additional information about your Initial Franchise Fee.

2. Rent or Real Estate. You must lease or otherwise acquire a suitable facility for the operation of your Franchised Business. You will need a facility with at least 3,000 to 10,000 square feet of space. Your actual rent payments may vary depending upon your location and your market's retail lease rates. If you purchase instead of lease the premises for your Franchised Business, then the

purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.

3. Improvements/Conversions. The cost of building out and constructing your Franchised Business will vary significantly based on the geographic location and square footage of your Franchised Business.

4. Miscellaneous Opening Costs. This estimate is for miscellaneous opening costs and expenses such as installation of telephone, deposits for gas, electricity, and other services, business licenses, vehicular registrations, legal, and accounting expenses for your start-up period.

5. Operating Supplies. You will need to purchase initial inventory of cleaning supplies and other operating supplies.

6. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Franchised Business, your rates may be significantly higher than those estimated above.

7. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three (3)-month start-up phase of your Franchised Business. They include payroll costs during the first three (3) months of operation, but not any draw or salary for you. These figures do not include standard pre-opening expenses, Royalty Fees, or Brand Building Fund contributions payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three (3) months from the date your Franchised Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Franchised Business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level reached during the start-up period; and the size of your Franchised Business. Additional funds for the operation of your Franchised Business will be required after the first three (3) months of operation if sales produced by the Franchised Business are not sufficient to produce positive cash flow.

8. Design Standards Fee. This fee is described in further detail in ITEM 5.

9. Project Management Fee. This fee is described in further detail in ITEM 5.

10. Architectural Services Fee. You will be required to pay various fees to architects and/or design professionals to construct the Franchised Business. These estimated costs include a site survey costing $1,750 plus travel of $1,000, architectural design fees of $7,500 to $21,500, and permit submittal / service fees of $1,500.

11. Figures May Vary. This is an estimate of your initial start-up expenses for one (1) Franchised Business. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

MULTI-UNIT OPTION AGREEMENT
YOUR ESTIMATED INITIAL INVESTMENT

MULTI-3 FRANCHISE

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Option Fee[1]	$99,000	$99,000	Lump sum	Upon signing of the Multi-Unit Option Agreement	Franchisor
Estimated Initial Investment for Your Initial Franchised Business[2]	$321,150	$909,250	See First Chart Above		
TOTAL[3]	$420,150	$1,008,250			

MULTI-6 FRANCHISE

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Option Fee[1]	$150,000	$150,000	Lump sum	Upon signing of the Multi-Unit Option Agreement	Franchisor
Estimated Initial Investment for Your Initial Franchised Business[2]	$321,150	$909,250	See First Chart Above		
TOTAL[3]	$471,150	$1,059,250			

MULTI-10 FRANCHISE

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Option Fee[1]	$200,000	$200,000	Lump sum	Upon signing of the Multi-Unit Option Agreement	Franchisor
Estimated Initial Investment for Your Initial Franchised Business[2]	$321,150	$909,250	See First Chart Above		
TOTAL[3]	$521,150	$1,109,250			

Notes:

1. Option Fee. The Option Fee is described in greater detail in Item 5 of this Franchise Disclosure Document. Once the Option Fee is paid, you will not be required to pay any Initial Franchise Fee in connection with the Multi-3, Multi-6, or Multi-10 Franchise, provided you comply with the development obligations set forth in that Multi-Unit Option Agreement.

2. Estimated Initial Investment for Your Initial Franchised Business. This figure represents the total estimated initial investment required to open your initial Franchised Business under the first Franchise Agreement you enter into with us, which you will sign along with your Multi-Unit Option Agreement. This range does not include an Initial Franchise Fee because you will pay the Option Fee instead. The range listed here does include all other amounts described in the chart for the Franchised Businesses contained above in this Item 7. It does not include any of the costs you will incur in opening a second through tenth Franchised Business that you obtain the option to open under the Multi-Unit Option Agreement; these costs will not likely be incurred during the first three (3) months of operating your first Franchised Business. Once you open additional Franchised Businesses, you will incur the costs listed in this Item 7 (except for the Initial Franchise Fee) at the time you open the additional Franchised Businesses. These costs may increase in the future depending on when you open the additional Franchised Businesses.

3. Figures May Vary. You should review these figures with a business advisor, financial consultant, or other professional before deciding to purchase the Franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual, which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. The operational and Franchise aspects of a My Salon Suite franchise are contained within our

confidential My Salon Suite operations manual and the operational aspects of a Salon Plaza franchise are contained within our confidential Salon Plaza operations manual (in either case, the "**Franchise Operations Manual**").

You must not: (i) deviate from these methods, standards, and specifications without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Marks or the Franchise System. Our Franchise Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Franchised Business.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing.

You must not use, offer, or sell any products or services in connection with your Franchised Business that do not meet our Franchise System standards and specifications, or that we have discontinued or otherwise notified you that you are no longer able to use or offer in connection with your Franchised Business. If you wish to offer any product or service in your Franchised Business other than our approved products and services, or use any item in connection with your Franchised Business that does not meet our Franchise System standards and specifications, you must obtain our prior written approval as described more fully in this Item.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Franchised Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify. You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Franchised Business is located and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

Purchases From Approved Suppliers

We have the right to require you to purchase any products or services necessary to operate your Franchised Business from a supplier that we approve or designate, which may include us (an "**Approved Supplier**"). We will provide you with a list of our Approved Suppliers in writing as part of the Franchise Operations Manual or otherwise in writing, and we may update or modify this list as we deem appropriate. We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s). We have an Approved Supplier of website creation for the Franchised Businesses website. Some of our officers own an equity interest in SMF, which is an approved supplier.

We may provide our standards and specifications for our those products and services offered by your Franchised Business ("**Approved Products and Services**") directly to our Approved Suppliers, and

may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as set forth more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "**Required Purchases**." We estimate that your Required Purchases will account for approximately 45% to 55% of your total costs incurred in establishing your Franchised Business, and approximately five percent (5%) to ten percent (10%) of your ongoing costs to operate your Franchised Business after the initial start-up phase.

During our last fiscal year which ended December 31, 2016, we derived $94,226 in revenue from the sale or lease of products or services to My Salon Suite franchisees (we did not collect any revenue from any Salon Plaza franchisees during our last fiscal year). This revenue represents approximately 10% of our total revenue of $949,608. We and our affiliates will receive rebates from suppliers based on your purchase of products and services, promotional allowances, volume discounts, and other payments. Certain designated suppliers made payments to us based on percentage of franchisee purchases.

Purchasing Cooperatives and Right to Receive Compensation

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates on volume discounts from our purchase of products we may resell to you. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases.

Approved Location and Lease

You must obtain our approval of the site for your Approved Location before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Approved Location before you execute the contract or lease, and we may condition our approval of any such lease on you and your landlord's execution of our prescribed form of collateral assignment of lease and lease addendum. You must also ensure that you comply with all of our Franchise System standards and specifications related to the build-out, remodeling, and/or construction of your Franchised Business at the Approved Location(s).

Approval of New Suppliers

If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the Franchise System. We reserve the right to charge a fee to evaluate the proposed supplier of approximately $100 to $500 per evaluation (See ITEM 6). We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven (7) days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our

standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

FRANCHISE AGREEMENT

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2.2 and 7	ITEMS 7, 11 and 12
b. Pre-opening purchases/leases	Sections 7.1, 7.4, 8.2 and 12.4	ITEMS 7 and 8
c. Site development and other pre-opening requirements	Sections 7 and 12	ITEMS 6, 7, 8 and 11
d. Initial and ongoing training	Section 10	ITEM 6, 7 and 11
e. Opening	Section 7.6	ITEM 11
f. Fees	Sections 3, 4.2.11, 9.6, 10.3 and 16.5	ITEMS 5, 6, 7 and 11
g. Compliance with standards and policies/operations manual	Section 12	Item 8 and 11
h. Trademarks and proprietary information	Section 5	ITEMS 13 and 14
i. Restrictions on products/services offered	Sections 12.2, 12.4 and 12.5	ITEMS 8, 12 and 16
j. Warranty and customer service requirements	Sections 12.1 and 12.17	ITEM 15
k. Territorial development and sales quotas	Not Applicable	ITEMS 12 and 17
l. Ongoing product/service purchases	Sections 12.2 and 12.4	ITEMS 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 12.13 and 12.15	ITEMS 6, 8 and 11
n. Insurance	Sections 7.2, 12.11 and 12.21	ITEMS 6, 7 and 8
o. Advertising	Sections 3.3 and 9	ITEMS 6 and 11
p. Indemnification	Section 18.3	ITEM 6

Obligation	Section in Agreement	Disclosure Document Item
q. Owners' participation/management/ staffing	Sections 12.1, 12.2.3 through 12.2.5 and 18.2	ITEMS 11 and 15
r. Records and reports	Sections 3.4 and 10	ITEM 6
s. Inspections and audits	Sections 5.6, 7.5, 8.10, 12.6 and 15.1.10	ITEMS 6 and 11
t. Transfer	Section 16	ITEM 17
u. Renewal	Section 4	ITEM 17
v. Post-term obligations	Section 15	ITEM 17
w. Noncompetition covenants	Sections 13.2 through 13.5	ITEM 17
x. Dispute Resolution	Section 17	ITEM 17

MULTI-UNIT OPTION AGREEMENT

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	ITEMS 7, 11 and 12
b. Pre-opening purchases/leases	Not Applicable	ITEMS 7 and 8
c. Site development and other pre-opening requirements	Not Applicable	ITEMS 6, 7, 8 and 11
d. Initial and ongoing training	Not Applicable	ITEM 6, 7 and 11
e. Opening	Section 7	ITEM 11
f. Fees	Sections 3 and B	ITEMS 5, 6, 7 and 11
g. Compliance with standards and policies/operations manual	Not Applicable	ITEMS 8 and 11
h. Trademarks and proprietary information	Not Applicable	ITEMS 13 and 14
i. Restrictions on products/services offered	Not Applicable	ITEMS 8, 12 and 16
j. Warranty and customer service requirements	Not Applicable	ITEM 15
k. Territorial development and sales quotas	Section 7	ITEMS 12 and 17

Obligation	Section in Agreement	Disclosure Document Item
l. Ongoing product/service purchases	Not Applicable	ITEMS 8 and 11
m. Maintenance, appearance and remodeling requirements	Not Applicable	ITEMS 6, 8 and 11
n. Insurance	Not Applicable	ITEMS 6 and 8
o. Advertising	Not Applicable	ITEMS 6 and 11
p. Indemnification	Not Applicable	ITEM 6
q. Owners' participation/ management/staffing	Not Applicable	ITEMS 11 and 15
r. Records and reports	Not Applicable	ITEM 6
s. Inspections and audits	Not Applicable	ITEMS 6 and 11
t. Transfer	Section 9	ITEM 17
u. Renewal	Not Applicable	ITEM 17
v. Post-term obligations	Not Applicable	ITEM 17
w. Noncompetition covenants	Not Applicable	ITEM 17
x. Dispute Resolution	Sections 14	ITEM 17

ITEM 10
FINANCING

The following financing programs are currently available to you, if you meet the credit requirements of the Lender. The Lender has final discretion to determine whether you are credit worthy and otherwise qualify for the financing.

FranFund, Inc., ("FRANFUND") offers financing for your initial franchise fee, construction costs, real estate improvements, fixtures, furniture, and signs. At its sole discretion, FRANFUND may offer you financing for other items associated with your franchise. The financing will be in the form of a loan. The amount of financing will vary depending on your costs but typically FRANFUND may loan an amount ranging from 70% to 90% of the amount of the project. Based on our estimate of the amount that you will expend on the initial franchise fee, construction costs, real estate improvements, fixtures, furniture and signs, you will have the ability (but not the obligation) to borrow an amount ranging from $329,000 to $951,000.

The interest factor in the loan will be tied to prevailing conditions, your individual credit history, personal financial condition and other underwriting criteria determined at the sole discretion of FRANFUND. Currently, the interest factor will equate to an APR of 7.75% to 10.50%, however this may be subject to change, based on anticipated changes to the Prime Rate, pursuant to Federal Reserve Policy.

You will be required to make monthly payments and the term of the loan will typically be 84 months but can range from 24 to 84 months. FRANFUND takes a security interest in all of the equipment and assets of your franchise location. The principals of the franchisee and their spouses must personally guaranty the loan. The loan is non-cancelable and all payments must be made, however you may request an early termination of the loan, which may be granted at FRANFUND's option, provided you have met all of the obligations under the loan. FRANFUND will not unreasonably withhold your right to terminate the contract early. Late payments are subject to a late charge of 10% of the monthly payment. If you default under the loan, you may be immediately liable for all future payments, less the net proceeds from any disposition of the assets. You will also be responsible for all costs of collection, including reasonable attorney fees. If you default under a loan agreement, you may be immediately liable for the remaining balance of the loan plus accrued interest and for all costs of collection, including reasonable attorneys' fees. Also, FRANFUND may repossess the secured assets. You should understand that a default under the loan may lead to the termination of your franchise rights, property lease and\or sublease. In the lease and loan agreements, you waive certain notices and any defenses to your obligations to FRANFUND. You also waive trial by jury and agree to application of Texas law and to jurisdiction of the courts in Tarrant County, State of Texas. FRANFUND has and may in the future sell, assign, syndicate and\or discount its loans to a third party. If your loan is assigned, you may lose any defenses you have as a result of the assignment. Specimen copies of the FRANFUND Loan Agreement and related documents, as of the date of this Federal Disclosure Document, are attached as **Exhibit F-9**.

ApplePie Capital, Inc. ("ApplePie"), a technology-enabled, non-bank lender focused exclusively on the franchise industry, offers financing to our franchisees. ApplePie's products are available to single and multi-unit franchisees for refinancing existing debt obligations, purchasing new units, acquiring existing units and remodeling existing units.

ApplePie's minimum loan size is $100,000; the maximum is $2,000,000. It offers loans with variable terms up to 120 months, some of which do not have prepayment premiums. Your interest rate will vary based on your credit, experience, market conditions, and other factors. You will be required to make monthly payments to ApplePie, the amount of which will vary depending on the amount you finance, your interest rate, and the term of the loan.

You will be required to grant ApplePie a first priority lien on all furnishings, fixtures and equipment of your business, but you will not be required to give ApplePie a lien on your personal residence. If your business has existing financing, you must repay the financing and cause the lien associated with the existing financing to be terminated before you receive a loan from ApplePie. All owners of 20% or more of your business must personally guaranty the borrower's obligations to ApplePie. At least one of the guarantors must be a natural person. Prior to receiving loan proceeds, ApplePie requires that its borrowers satisfy its underwriting criteria, execute a franchise agreement with us, and execute loan documents including a promissory note, loan agreement, security agreement, landlord estoppel and consent, and collateral assignment of lease (all on terms acceptable to ApplePie).

ApplePie's standard origination fee is up to 4.5% of the loan amount, payable at closing. ApplePie offers discounts on the origination fee to borrowers who borrow funds in excess of certain pre-determined thresholds.

You will be in default under your agreements with ApplePie if you fail to make a payment when due, fail to preserve the collateral as required in your agreements with ApplePie, enter into other financing not permitted by ApplePie, breach your franchise agreement with us or any other material agreement, or fail to meet any other term or condition in your agreements with ApplePie. If you breach your agreements with ApplePie, it has the right to impose a higher rate of interest, take possession and dispose of the collateral, accelerate all amounts owing under the promissory note, obtain a judgment against you and the

guarantors and, in some cases, take-over your lease. You will be responsible for all costs incurred by ApplePie to collect amounts owing from you, including its attorneys' fees. As of the date of this FDD, the agreements between you and ApplePie will be governed by the laws of the State of New Jersey and disputes will be venued in New Jersey, although this is subject to change. You will be required to waive your rights to a jury trial.

There may be additional vendors added that offer limited financing to our franchisees and vendor programs may be discontinued.

None of the financing sources described above are affiliated with us and we do not receive any direct or indirect payments for placing financing with them.

Generally, we do not guaranty any of your obligations to the third party lenders described above however we may, at our sole discretion, choose to do so. If we choose to guaranty on your behalf, we reserve the right to assess reasonable risk fees for doing so. We may also require certain amendments and additions to the Franchise Agreement that will give us additional rights and remedies should you default on any finance agreement that we choose to guarantee. If you request that we participate in your financing by guaranty or otherwise and we agree to participate in your financing, you must purchase the items that are being financed from a supplier designated by us.

In addition to the financing arrangements described above, if requested, we may assist you in obtaining other financing. Financing terms and interest rates will vary depending on the financial institution and the financing program offered by that institution. Your ability to obtain other financing will depend on your financial strength, the underwriting standards of the particular lender, and your ability to provide collateral or otherwise demonstrate your ability to repay the loan.

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

Except as listed below, SMF is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Franchised Business, we (or our designee) will provide the following assistance and services to you:

1. Evaluate any proposed locations for the site of your Franchised Business and designate your Approved Location, as described more fully in this ITEM (Sections 7 and 8.1 of the Franchise Agreement).

2. Designate the Protected Territory for your Franchised Business in our sole discretion (Section 2.3 of the Franchise Agreement).

3. Provide our then-current Franchise System standards and specifications for the build-out, remodeling, or construction of your Franchised Business, as well as any "template" architectural or design plans that we have previously approved or designated for use in connection with establishing a Franchised Business at the cost of $1,000 per location (to the extent we have any) (Sections 7 and 8.1 of the Franchise Agreement).

4. Provide you access to our Franchise Operations Manual in electronic form. You must operate your Franchised Business in accordance with the Franchise Operations Manual and all applicable

laws and regulations. The Franchise Operations Manual may be amended or modified by us to reflect changes in our Franchise System. You must keep the Franchise Operations Manual confidential and current, and may not copy any part of the Franchise Operations Manual. We reserve the right to disclose updates to the Franchise Operations Manual in writing in any manner, including electronic means such as e-mail, SMF's website, and any intranet or extranet that we establish in connection with the Franchise System (Section 6 of the Franchise Agreement). The table of contents to the Franchise Operations Manual, along with the number of pages devoted to each Section, is set forth in **Exhibit G** of this Franchise Disclosure Document. The Franchise Operations Manual has approximately 42 pages. The exact number of pages is difficult to quantify, as one "page" of interactive material may include multiple "pages" of information.

5. Provide our list of all items and equipment needed to open your Franchised Business, along with our proprietary list of Approved Suppliers for certain of those items (as applicable) (Section 8.2 of the Franchise Agreement).

6. Provide an e-mail address that you are required to use exclusively in connection with the Franchised Business (Section 12.7.5 of the Franchise Agreement).

7. Approve any advertising and promotional materials or plans that you propose for use in connection with the grand opening of your Franchised Business and assist you, as we deem appropriate in our sole discretion, with your grand opening advertising campaign (Sections 8.5, 9.5 and 9.6 of the Franchise Agreement).

8. Provide you and up to one (1) additional employee with our initial training program ("**Initial Training Program**") tuition-free, provided these individuals attend training at the same time. If you are a partnership, corporation, or limited liability company, at least one (1) of the trainees must be your general partner, principal shareholder, or managing member as appropriate. If you have appointed a designated manager to operate the day-to-day operations of the Franchised Business, this designated manager must also attend our Initial Training Program. The Initial Training Program must be completed to our satisfaction within 60 days of executing your Franchise Agreement, and will be conducted at our corporate headquarters (Section 10.1 of the Franchise Agreement).

Site Selection

You must assume all costs, liabilities, expenses, and responsibility for: (i) locating, obtaining, and developing an Approved Location for your Franchised Business; and (ii) constructing, equipping, remodeling, and/or building out the Approved Location for use as a Franchised Business, all in accordance with our Franchise System standards and specifications. We may provide you with our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we determine is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. We may then use these factors in determining the suitability of your proposed site for the Approved Location of your Franchised Business. In deciding whether to approve a site, we may also consider, among other things: (i) demographic characteristics, traffic patterns, allowed design and building, parking, visibility, allowed signage, the predominant character of the neighborhood surrounding the proposed site; (ii) competition from other businesses selling similar products and services within the area, and the proximity of the site to these businesses, as well as the nature of all other businesses in proximity to the site; (iii) zoning restrictions, soil and environmental issues, and other commercial characteristics; and (iv) the size, appearance, and other physical characteristics of the proposed site (Section 7.1 of the Franchise Agreement).

You must submit information and materials for at least one (1) proposed site to us for approval no later than 90 days after you have signed your Franchise Agreement. We will have 15 business days after

we receive this information and materials from you to approve or disapprove the proposed site as the location for the Franchised Business. If we do not provide our specific approval of a proposed site, the site is deemed not approved. Our approval only means that the site meets our minimum requirements for a Franchised Business. Before you lease or purchase the site for the Franchised Business, you must locate a site that satisfies our site selection guidelines (Sections 7.1.1 through 7.1.3 of the Franchise Agreement). If we determine that an on-site evaluation is necessary, then you must: (i) submit to us in the form we specify a description of the site prior to our representative conducting its on-site evaluation, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site; and (ii) reimburse us for the expenses incurred in connection with such an evaluation.

We reserve the right to terminate your Franchise Agreement if: (i) you do not propose at least one (1) location for your Franchised Business within three (3) months of executing your Franchise Agreement; or (ii) you are unable to locate and obtain a suitable location and Approved Location (including signing a lease for that location) within six (6) months after you sign the Franchise Agreement (Sections 7.1.1 through 7.1.2 of the Franchise Agreement).

Lease

We must approve any lease for the Approved Location before you enter into such an agreement. We may condition our approval on a number of conditions, including: (i) an agreement by you and the landlord of the Approved Location to enter into our prescribed form of collateral assignment of lease and our then-current form of lease addendum (if any); and (ii) receiving a written representation from the landlord of the Approved Location that you will have the right to operate the Franchised Business, including subleasing/renting certain portions of the Approved Location to different third-party salon professionals, throughout the term of your Franchise Agreement (Section 7.1.3 of the Franchise Agreement). You will also be required to provide to us computer-aided design ("**CAD**") and "**PDF**" files from the architect or contractor regarding the build-out of the Approved Location.

Schedule for Opening

We estimate that it will take between nine (9) to twelve (12) months to open your Franchised Business from the time you execute your Franchise Agreement. Your total timeframe may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Franchised Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules, and other similar factors, to complete the interior and exterior of the Franchised Business, including decorating, purchasing and installing fixtures, equipment, and signs, and to complete preparation for operating the Franchised Business, including purchasing inventory and supplies (Section 7.5 of the Franchise Agreement).

Continuing Obligations

During the operation of your Franchised Business, we (or our designee) will provide the following assistance and services to you:

1. Provide continuing consultation and advice, as we deem necessary in our sole discretion, regarding the management and operation of the Franchised Business. We may provide this assistance by telephone, facsimile, intranet communication, or on-site visits, as we deem advisable and subject to the availability of our personnel (Section 8.4 of the Franchise Agreement).

2. Approve or deny any advertising/marketing materials you wish to use in connection with your Franchised Business, as described more fully below in this ITEM 11 under the heading "**Advertising**" (Section 8.5 of the Franchise Agreement).

3. Continue to loan you or make available to you on our website or intranet, one (1) copy of the confidential Franchise Operations Manual, which may include audio and video media, computer software other electronic media, and/or written materials (Section 6 of the Franchise Agreement).

4. Approve or disapprove your requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers other than our then-current approved/designated suppliers (Section 8.6 of the Franchise Agreement).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the Franchise System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.

2. Make periodic visits to the Franchised Business for the purpose of assisting in all aspects of the operation and management of the Franchised Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Franchised Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. We may offer, and require you and your designated manager to attend, additional training programs and/or refresher courses, as we deem necessary in our sole discretion ("**Additional Training**"). While you have the option to attend any Additional Training we offer subject to the availability of our classes, we may require that you and your designated manager attend up to two (2) days of Additional Training each year at our headquarters or other location we designate. You will be required to pay our then-current training tuition fee for any Additional Training you and your employees attend. You will also be solely responsible for all expenses incurred in attending Additional Training (Sections 8.3 and 10.3 of the Franchise Agreement).

4. We may schedule and hold an annual conference, as we deem advisable in our sole discretion, to discuss the current state of the Franchise System, improvements to the Franchise System, hold discussion forums for Franchise System franchisees, and recognize certain franchisees. In the event we schedule a conference, we may require you to attend for up to three (3) days each year and pay our then-current registration fee (Section 8.8 of the Franchise Agreement).

5. We may, as we deem advisable in our sole discretion, establish a website to promote and advertise the Franchised Business brand and Franchise System (Sections 8.9 and 9 of the Franchise Agreement). Please see below in this ITEM 11 under the heading "**Advertising**" for further information.

6. Maintain and administer the Brand Building Fund. We may dissolve the Brand Building Fund upon written notice (Sections 8.7 and 9.3 of the Franchise Agreement).

7. We may conduct, as we deem advisable in our sole discretion, inspections of the Approved Location and your operations generally to ensure compliance with our Franchise System standards and

specifications (Sections 8.10 and 12.6 of the Franchise Agreement). We may also prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business, as we deem appropriate in our sole discretion, and detail any deficiencies that become evident as a result of any visit. If we prepare a report, you may request a copy from us.

8. We may revise the Franchise Operations Manual, as we deem necessary or prudent in our sole discretion, which may, among other things, provide new operations concepts and ideas. We may provide you with these updates through various mediums, including mail, e-mail, and our system-wide intranet (Sections 6 and 8.11 of the Franchise Agreement).

9. We may create and develop additional products and services to be offered or provided as Approved Products and Services by Franchised Businesses, including proprietary products and services sold under the trademarks we designate ("**Proprietary Products and Services**"). You must sell all Proprietary Products and Services we designate for use in connection with the Franchise System at your Franchised Business (Section 12.4 of the Franchise Agreement).

Advertising and Marketing

All advertising and promotion that you use in connection with your Franchised Business must be in such media and of such type and format that we approve and shall conform to such standards and requirements that we specify. We may make available to you from time to time, at your expense, certain promotional materials, including coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials. You must also participate in certain promotions and advertising programs that we establish as an integral part of our Franchise System, provided these activities do not contravene regulations and laws of appropriate governmental authorities (Section 9.1 of the Franchise Agreement).

If you wish to use any advertising or promotional materials other than those that we have previously approved or designated within the preceding 12 months, then you must submit the material you wish to use to us for our prior written approval at least 20 days prior to publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the materials from you. If you do not receive our written approval during that time period, however, the proposed materials are deemed disapproved and you may not use such materials. Once approved, you may use the proposed material for a period of 90 days, unless we: (i) prescribe a different time period for use; or (ii) require you to discontinue using the previously-approved materials in writing. We may require you to discontinue the use of any advertising or marketing material, including materials we previously approved, at any time (Section 9.5 of the Franchise Agreement).

Grand Opening Advertisement

You are required to expend a minimum of $10,000 to promote and advertise the grand opening of your Franchised Business within the 90-day period comprised of the 45 days prior to, and 45 days following, the grand opening of the Franchised Business. You may spend more than this amount on promoting the opening of your Franchised Business (Section 9.6 of the Franchise Agreement).

Local Advertising

Recognizing the importance of promoting your Franchised Business within your Protected Territory, we recommend (but do not require) that you spend a minimum of $500 a quarter on local advertising and marketing for your Franchised Business. You must use only those materials that we have

previously approved or designated, and we may require that you provide us with reports and other evidence of your local advertising expenditures (Section 9.2 of the Franchise Agreement).

Brand Building Fund

The Brand Building Fund was established in 2015. During our last fiscal year, which ended December 31, 2016, we collected $72,600 in Brand Fund Contributions, loaned the Brand Fund $1,183, and spent $73,783. We spent 10% on Internet & Website, 30% on media placement, 60% on public relation expenses in 2016. You must pay up to one percent (1%) of your monthly Gross Revenues or a minimum of $200/month for the Brand Building Fund ("**Brand Building Fund Contribution**"). The Brand Building Fund will be administered by us, or our affiliate or designee, in our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Building Fund will be in a separate bank account, commercial account, or savings account. Your contribution to the Brand Building Fund will be in addition to all other advertising requirements set out in this ITEM 11.

We may reimburse ourselves, our authorized representatives, or our affiliate from the Brand Building Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Building Fund. We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Building Fund or to maintain, direct, or administer the Brand Building Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Building Fund on any terms we deem reasonable. Because this fund would not be audited, audited financial statements will not be available to franchisees. We will provide an annual accounting for the Brand Building Fund that shows how the Brand Building Fund proceeds have been spent for the previous year upon written request.

We may use the Brand Building Fund for the creation, production, and placement of commercial advertising; agency costs and commissions; creation and production of video, audio, and written advertisements; administering multi-regional advertising programs, direct mail, and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting our own public relations campaigns; market research; and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional, national, or international media of our choice, including but not limited to, print, direct mail, radio, television or Internet. We do not guarantee that advertising expenditures from the Brand Building Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Building Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "**Franchises Available**" or similar phrasing.

Advertising Cooperatives

We may designate any geographic area in which two (2) or more My Salon Suite Businesses or Salon Plaza Businesses respectively are located as a region for purposes of establishing an advertising cooperative ("**Cooperative**"), or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all My Salon Suite Businesses or Salon Plaza Businesses respectively, whether operated by us, our affiliates, or our franchisees. We have the right to dissolve, merge, or change the structure of the Cooperative. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval

as described above, promotional materials for use by the members in local advertising. If a Cooperative has been established for a geographic area where your My Salon Suite Business or Salon Plaza Business is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Franchised Business will be located will be provided to you if you request it (Section 9.4 of the Franchise Agreement).

All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently, there are no Cooperatives in the Franchise System. The Cooperative is not required to prepare an annual financial statement (Section 9.4 of the Franchise Agreement).

Internet and Website

You must maintain adequate hardware and software in order to access the Internet throughout all areas of your Franchised Business. Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile, or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on social media websites such as Facebook, Twitter, LinkedIn, Instagram, YouTube, or any other social media and/or networking site. If we do permit you to establish one or more of the above presences on the Internet, you must: (i) establish and operate your Internet site in accordance with Franchise System standards and any other policies we designate in the Franchise Operations Manual or otherwise in writing from time to time; (ii) utilize any templates that we provide to you to create and/or modify such site(s) (Section 9.7 of the Franchise Agreement).

We have the right, but not the obligation, to establish and maintain a website or websites that may, without limitation, promote the Marks and/or the Franchise System (the "**Website**"), including your Franchised Business. We have sole control over all aspects of the Website, including, without limitation, its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. We also have the right to discontinue operation of the Website at any time without notice to you. We have the right to modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate in the best interest of the Franchise System. We and our affiliates are the sole registrant of the Internet domain name www.mysuitesalon.com, as well as any other Internet domain names that we or our affiliates register in the future. You must not register any Internet domain name that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation, or visual variation of those words (Section 9.7 of the Franchise Agreement). You may not use any website for the Franchised Business other than the Website.

Advisory Council

The Advisory Council ("**Council**") was established in January 2017 and has been set up to advise us on operations & advertising policies. Members of the Council consist of both franchisees and corporate representatives. Members of the Council were selected by way of a voting method specified in the Council's bylaws. The purpose of the Council is to provide input regarding the operations and advertising strategy and to promote communications between us and all Franchised Businesses. The Council serves in an advisory capacity only. We will have the power to form, change, or dissolve the Council in our sole discretion.

Software and Computer Equipment

We have the right to specify or require that certain brands, types, makes, and/or models of computer hardware and software that you must use in connection with the Franchised Business. Currently we require: (i) a laptop or desktop computer that runs 64-bit Microsoft Windows 7 or later; (ii) printers and other peripheral hardware/devices; and (iii) equipment necessary to maintain a physical, electronic, or other security system for the Approved Location and Salon Suite Business that we designate (collectively, the "**Computer System**"). We also require you to use designated point-of-sale software in connection with the Computer System and Franchised Business (the "**Required Software**"), as well as the type of tangible media and/or database structure to use part of the Computer System (Section 12.7 of the Franchise Agreement).

If you already have computer hardware and/or software that meets our then-current standards for a Computer System and/or Required Software, then you may use these items in connection with your Franchised Business provided you obtain our approval. We estimate the costs to purchase our current Computer System to be between $0 and $2,000. You must keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing. We estimate that you will spend approximately $500 annually on maintenance and support contracts for your Computer System, which includes any upgrades.

We may require that: (i) you comply with our standards and specifications for Internet access and speed; and (ii) the Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to us. We will also have the right to, at any time without notice, electronically and independently connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on our right to access the information and data on any component of your Computer System (Section 12.7.3 of the Franchise Agreement). The data which shall be generated or stored in the Computer System is information related to the operation of the Franchised Business, including customer information and financial information.

You are required to participate in any Franchise System-wide area computer network, intranet system, or extranet system that we implement, and may be required to use such area computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Franchise Operations Manual; (iii) download approved local advertising materials; (iv) communicate with us and other Franchise System franchisees; and (iv) to complete certain components of any ongoing training we designate (Section 12.7.4 of the Franchise Agreement).

Training

Initial Training

You and any designated manager or representative must complete the initial training to our satisfaction before you open your Franchised Business. We provide initial training at no charge for up to two (2) people. You must pay a $2,000 fee for training each additional person. Initial training classes are held whenever necessary to train new franchisees. You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. We plan to provide the training listed in the table below. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program.

TRAINING PROGRAM

Subject	Hours of In-Classroom Training	Hours of On-The-Job Training	Location
Company Overview	3	0	Our training facility in Metairie, Louisiana or other location we designate
Leasing	2	3	Our training facility in Metairie, Louisiana or other location we designate
Managing the Property	5	0	Our training facility in Metairie, Louisiana or other location we designate
Marketing and Promotion	2	1	Our training facility in Metairie, Louisiana or other location we designate
TOTALS	12 Hours	4 Hours	

Notes:

1. We will use the Franchise Operations Manual as the primary instruction materials during the Initial Training Program. The Initial Training Program is subject to change without notice to reflect updates in the materials, methods and manuals, and changes in personnel. The training subjects may vary, and the training may be less than the times indicated above depending on the number and experience of the attendees. The subjects taught and the time periods allocated for each subject may vary based on the experience of the people being trained. We may, as we deem appropriate in our sole discretion, provide certain portions of your Initial Training Program via the Internet or webinar.

2. Our training managers and their years of experience within the industry and with our Franchise System are listed below.

Instructor	Subjects Taught	Years of Experience in the Industry	Length of Employment with Us
Kenneth McAllister	Real Estate Site Selection	30+	March 2012 – Present
Stacy Eley	Sales and Marketing	10+	April 2013 – Present
Joe Emberson	Construction	20+	September 2013 - Present

3. Our training managers may utilize other employees to assist them with all aspects of training. Failure to complete initial training to our satisfaction within the applicable time period may result in termination of the Franchise Agreement.

4. The Initial Training Program is offered once a quarter or more frequently as needed. If you, your designated manager (if applicable), or other trainee you designate fails to complete the Initial Training Program to our satisfaction, that person may re-attend, or you may send a replacement ("**Replacement Personnel**") to our next available Initial Training Program session, provided there is availability. We may charge our then-current training tuition rate for these individuals to attend the Initial Training Program as well. In any event, you are solely responsible for all expenses

incurred related to your and your employee's attendance at our Initial Training Program, including transportation to and from the training site, lodging, meals, and employee wages.

5. You may only use the training materials we provide you with to train your other employees. We will provide updated training materials to you as we develop them, at your request. All training materials we provide you with will remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials (Section 10 of the Franchise Agreement).

Ongoing Training

From time to time, we may require that you, designated managers, and other employees attend Franchise System-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our Initial Training Program before assuming responsibility for the management of your Franchised Business. If we conduct an inspection of your Franchised Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Franchised Business).

ITEM 12
TERRITORY

Protected Territory

Under the Franchise Agreement, we grant you an exclusive Protected Territory determined in our sole discretion where we will not open, operate, or license any third party the right to own or operate a Franchised Business utilizing the Marks. The size of your Protected Territory may vary from other franchisees based on the location and demographics surrounding your Approved Location, but the typical Protected Territory will be a radius of two (2) miles. Within 90 days after signing on a site, we may elect to narrow and/or expand the boundaries of your Protected Territory, which may be described in terms of zip codes, streets, landmarks (both natural and man-made) and state or county lines which may result in a Protected Territory that is larger or smaller than the two (2) mile radius. In certain densely populated metropolitan areas or sparsely populated rural areas, a territory may be considerably smaller or larger ("**Nonstandard Territory**"). We will confirm the size of the Protected Territory when we approve the Approved Location. If your Protected Territory is a Nonstandard Territory, you will be required to sign the nonstandard territory amendment as a condition of approval (which is attached to this Disclosure Document in **Exhibit F**).

You must operate your Franchised Business from the Approved Location. Although we may assist you in selecting a location for your Franchised Business, you are solely responsible for selecting the Approved Location and negotiating the lease or purchase term. You are not guaranteed any specific Approved Location, and you may not be able to obtain your top choice as your Approved Location. If you have not obtained an Approved Location at the time you enter into your Franchise Agreement, then you must enter into our "**Site Selection Addendum**" which is attached to the Franchise Agreement as Attachment C, and agree to find an Approved Location within the site selection area we designate. We will identify your Approved Location on the Data Sheet to your Franchise Agreement. You may not relocate your Franchised Business without our written consent, which we will not unreasonably withhold provided: (i) the new location is located within the Protected Territory and meets our then-current criteria for an Approved Location; and (ii) you pay our then-current relocation fee (if any).

You may solicit customers or advertise your Franchised Business outside of your Protected Territory with prior written approval. You are not required to meet any type of performance criteria to maintain your limited territorial rights within your Protected Territory. We will not otherwise modify the size of your Protected Territory or your rights therein unless you mutually agree to do so in writing.

You may experience competition from other franchisees or from outlets that we own with sites in the same general geographic area as your Protected Territory, but not within your Protected Territory. Salon professionals that reside or primarily operate within your Protected Territory may choose to lease salon space from another My Salon Suite or Salon Plaza location (company-owned or franchised) that is outside your Protected Territory, and these other salon professional businesses may provide our Approved Products and Services to such customers that solicit them without any further obligation to you. We also reserve the rights set forth in this Item, some of which may be exercised within your Protected Territory.

You do not receive the right to acquire additional Franchised Businesses within or outside the Protected Territory unless you sign the Multi-Unit Option Agreement. You are not given a right of first refusal on the sale of existing Franchised Businesses. There is no development territory granted under the Multi-Unit Option Agreement.

The continuation of the Protected Territory is not dependent upon your achievement of a certain sales volume, market penetration, or quota. We do not pay compensation for soliciting or accepting orders inside your Protected Territory.

Reservation of Rights

In addition to our rights regarding regional accounts (serving employers or managers of multiple salon professionals located in multiple locations not all within a Protected Territory) under the Franchise Agreement and Multi-Unit Option Agreement, we and our affiliates reserve the exclusive right to: (i) establish, operate, and license any third party the right to establish and operate Franchised Businesses using the Marks and Franchise System at any location outside of your Protected Territory; (ii) market, offer, and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location within or outside the Protected Territory (excluding Salon Plaza Businesses if you are a My Salon Suite Business owner or operator and excluding My Salon Suite Businesses if you are a Salon Plaza Business owner or operator); (iii) use the Marks and Franchise System to distribute our Approved Products and/or Services (including services such as those performed by the Franchised Business) in any alternative channel of distribution, within or outside the Protected Territory (including the Internet, direct mail, wholesale stores, etc.); (iv) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by you under the Franchise System and Marks, within or outside your Protected Territory; and (v) use the Marks and Franchise System, and license others to use the Marks and Franchise System, to engage in any other activities not expressly prohibited in the Franchise Agreement.

The Franchise Agreement does not grant you any right to engage in any of the activities set forth in the preceding paragraph, or to share in any of the proceeds received by us or our affiliates or any third party from these activities, unless we otherwise agree in writing.

Additional Disclosures

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. Neither we nor any of our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that sell our Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13
TRADEMARKS

The My Salon Suite trademark is owned by our affiliate, SMI, and is licensed exclusively to us. SMI has granted us an exclusive license ("**MSS Trademark License**") to use the MSS Marks to franchise My Salon Suite Businesses around the world. The MSS Trademark License commenced on April 11, 2012 with a term of twenty (20) years. It will automatically renew for subsequent twenty (20) year periods provided we are not in default or do not materially breach the MSS Trademark License by engaging in any activity which damages the MSS Marks or the goodwill of the My Salon Suite Franchise System. If the MSS Trademark License is terminated, SMI has agreed to license the use of the MSS Mark directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. The MSS Trademark License does not limit our use of the MSS Mark in any way that could materially affect your use of the MSS Marks as part of our My Salon Suite Franchise System, provided we comply with our obligations under the license agreement. SMI has a registration with the United States Patent and Trademark Office ("**USPTO**") for the following MSS Mark:

Registered Mark	Registration Number	Registration Date	Register
MY SALON Suite	4,105,356	February 28, 2012	Registered on the Principal Register

The Salon Plaza trademark described below is owned by Salon Plaza Enterprises Subsidiary, LLC, a Virginia limited liability company ("**SPES**"). SPES granted us an exclusive license ("**SP Trademark License**") to use the SP Marks for the purpose of franchising and sublicensing Salon Plaza Businesses around the world except in the District of Columbia and the states of Maryland and Virginia. SPES retained the right to open Salon Plaza Businesses in its own name and for its own account. The SP Trademark License commenced on March 30, 2015 with a term of twenty (20) years. It will automatically renew for subsequent twenty (20) year periods provided we are not in default or do not materially breach the SP Trademark License by engaging in any activity which damages the SP Marks or the goodwill of the Salon Plaza Franchise System. SPES and we each have the right to terminate the SP Trademark License at the end of the then-current term with at least 180 days prior written notice. If the SP Trademark License is terminated, SPES has agreed to assume our responsibilities to any franchisee or sublicensee party under a Salon Plaza Franchised Business franchise agreement or license agreement until such time as each franchise agreement or sublicense agreement expires or is otherwise terminated. The SP Trademark License does not limit our use of the SP Marks in any way that could materially affect your use of the SP Marks as part of the Salon Plaza Franchise System, provided we comply with our obligations under the license agreement. SPES has a registration with the USPTO for the following SP Mark:

Registered Mark	Registration Number	Registration Date	Register
SALON PLAZA	4,266,764	January 1, 2013	Registered on the Principal Register

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. All required affidavits have been filed.

We grant you the right to operate your Franchised Business under all of the applicable Marks and any other trade names, trademarks, service marks, and logos currently used or that may hereafter be used in the operation of a Franchised Business. You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Marks. The goodwill associated with our Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with the Marks during the term of the Franchise Agreement will benefit us. All rights to use our Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of the Franchise Agreement.

You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name or "**d/b/a**." You may not modify the Marks with words, designs, or symbols, except those which we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement, and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge, or assist in the contesting or challenging of, our, SMI's or SPES's right, title, ownership, or interest in the Marks, trade secrets, methods, procedures, and advertising techniques that are part of our Franchise System, or contest our sole right to register, use, or license others to use, our Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the words "**My Salon Suite**," "**Salon Plaza**" or any similar phrase. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your Approved Location that you are an independently owned and operated licensed franchisee of SMF.

As of the Issuance Date of this Franchise Disclosure Document, there is no litigation pending arising out of our Marks, and we are not aware of any superior rights in, or infringing use of, our Marks that could materially affect your right to use these Marks. Presently, there are not any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, province, territory, or region, or any court adverse to our rights in the Marks, nor are there any pending infringement, opposition, cancellation proceedings, or material litigation involving the Marks. Other than the MSS Trademark License and the SP Trademark License, we are not a party to, or bound by, any agreement that significantly limits our rights to use or license others to use the Marks in any manner material to the Franchised Business we offer.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party that your use of the Marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but we will

exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we become aware of an infringing user, we will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may acquire, develop, and use additional Marks not listed here, and may make those Marks available for your use and for use by other My Salon Suite franchisees and Salon Plaza franchisees. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Marks. We will not reimburse you for disputes where we challenge your use of a Mark.

You must modify or discontinue using any of the Marks, and add new names, designs, logos or commercial symbols to the Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions (including changing vehicle signage, marketing displays, trade dress, vehicle wraps, and other advertising), at your sole expense.

You are prohibited from using the Marks in any electronic mail address or in any domain name, except those we designate for use by you in connection with your Franchised Business. You may not maintain your own website to promote your Franchised Business. You may not maintain a presence or advertise on the Internet, social media or on any other public computer network, or any other kind of public modality, using the Marks or referencing your franchise brand and Franchise System without our prior written consent, which may be withheld or retracted in our sole judgment. We may identify all operating Franchised Businesses, and require you to list your Franchised Business in conjunction with the respective Marks in any traditional and electronic directories that we may designate.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Franchise Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyrighted Materials**") for the operation of your Franchised Business, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Materials of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Materials that will or may significantly limit using our Copyrighted Materials. We may revise our Franchise System and any of our Copyrighted Materials in our discretion, and may require that you cease using any outdated Copyrighted Materials. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our Franchise System, standards, specifications, policies, procedures, information, concepts and Franchise Systems on, knowledge of, and experience in the development, operation and franchising of Franchised Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Franchised Businesses, and other related materials are proprietary and confidential

("**Confidential Information**"), and are our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Franchised Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other My Salon Suite Franchises or Salon Plaza Franchises, as applicable, during the term of the Franchise Agreement.

You must notify us within three (3) days after you learn about another's use of language, a visual image, or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Materials, or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Materials, Confidential Information, or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Materials, Confidential Information, or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Materials, Confidential Information, or Trade Secrets, or claim by any person of any rights in any Copyrighted Materials, Confidential Information, or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Materials, Confidential Information, or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We will take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge, or claim under any Copyrighted Materials, Confidential Information, or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyrighted Materials, Confidential Information, or Trade Secrets.

No patents or patents pending are material to us at this time.

We have the right to inspect, copy, and use all records regarding the customers, suppliers, and other service providers of, and related in any way to, your Franchised Business. This includes, without limitation, all databases (whether in print, electronic, or other form), including all names, addresses, phone numbers, e-mail addresses, and customer purchase records. We may use or transfer the records in any way we determine, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes as we deem appropriate, at our sole discretion.

You must disclose to us all ideas, techniques, and products concerning the development and operation of your Franchised Business you or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners or employees a perpetual, non-exclusive, and worldwide right to use these ideas, techniques, and products concerning the

development and operation of your Franchised Business you or your employees conceive or develop during the term of the Franchise Agreement. We will have no obligation to make any lump sum or on-going payments to you regarding any idea, concept, method, technique, or product. You must agree you will not use, nor will you allow any other person or entity to use, these ideas, techniques, or products without obtaining our prior written approval.

We may revise any of the Copyrighted Materials at our discretion, and may require that you cease using any outdated item or portion of the Franchise Operations Manual.

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

You (or one or more of your principals if you are a corporation or partnership or limited liability company) must personally supervise the operations of the Franchised Business. You must devote your best efforts to the management and operation of the Franchised Business. You may, however, delegate operational responsibilities of your Franchised Business to a manager (the "**Designated Manager**"), provided that the Designated Manager successfully completes our Initial Training Program before assuming any managerial responsibility and otherwise meets our then-current standards for a Designated Manager. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our Initial Training Program at your expense.

Your Franchised Business must be operated with at least one (1) individual who has successfully completed our Initial Training Program. Your appointment of a Designated Manager shall not relieve you of any duties or obligations under the Franchise Agreement. There is no substitute for your supervision of the Franchised Business, so if you employ a manager, you must provide general supervision and be fully aware of the affairs of the Franchised Business.

You will keep us informed at all times of the identity of the Designated Manager of your Franchised Business, and any change in their employment status. Designated Managers are not required to have an equity interest in your Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated, you must hire a replacement that meets our then-current standards for a Designated Manager, and whom we approve in writing before hiring, within thirty (30) days after the resignation or termination of the former Designated Manager. You must train the new Designated Manager within thirty (30) days of hiring. We reserve the right, but are not obligated, to train the new Designated Manager directly. Your Designated Manager(s) will devote full time and best efforts to the day-to-day operation and management of the Franchised Business and will not engage in any other business activity without our prior written consent.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the Franchisee entity must sign the Franchise System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in **Exhibit F**. All of your employees, independent contractors, agents, or representatives that may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a Franchise System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in **Exhibit F**. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owner's Agreement guarantying the obligations of the entity, the form of which is attached to the Franchise Agreement as Attachment B. We also require that the spouses of the Franchise owners sign the Owner's Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those Approved Products and Services authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of Approved Products and Services specified by us. We may change or add to our Approved Products and Services at our discretion with prior notice to you. If we change or add to our Approved Products and Services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any products or services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products or services, or advertise products or services, within another franchisee's Protected Territory. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Instagram, Twitter, or any other social or professional networking site or blog) or mention or discuss the Franchised Business, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. Otherwise, except as provided in ITEM 12, we place no restrictions upon your ability to serve customers provided you do so from the location of your Franchised Business in accordance with our policies.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Term	Section 4.1	Ten (10) years.
b. Renewal or extension of term	Section 4.2	If you are in good standing and you meet other requirements, you may enter into two (2) consecutive successor terms of ten (10) years.
c. Requirements for you to renew or extend	Sections 4.2.1 through 4.2.11	Your successor franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. You must: (i) provide notice of your renewal no fewer than nine (9) months and no greater than one (1) year prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Franchised Business at the Approved Location for the duration of the renewal term or, if you are

Provision	Section in Franchise Agreement	Summary
		unable to continue operating at the Approved Location, secure a substitute location that is acceptable to us; (iii) complete all maintenance, refurbishing, renovating, updating, and remodeling of the Franchised Business premises, as well as any updates to required hardware and software, to comply with our then-current Franchise System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement or any other agreement with us our affiliates, Approved Suppliers, and also be in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then-current form of franchise agreement and any ancillary documents for the successor term, and this new franchise agreement may have different terms and conditions (including, for example, higher Royalty Fees and Brand Building Fund Contributions) from the Franchise Agreement that covered your initial term; (vii) satisfy our then-current training requirements for renewing franchisees at your sole expense prior to the renewal date; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay us a renewal fee of $2,000.
d. Termination by you	14.8	You may terminate the Franchise Agreement if you are in compliance with it and we are in material breach, and we fail to cure that breach within 30 days of receiving written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Sections 14.1 through 14.4	We may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
g. "**Cause**" defined - defaults which can be cured	Sections 14.3 and 14.4	The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice: (i) nonpayment of any sums due us, our affiliates, or any of our Franchise System suppliers/vendors; (ii) your failure to immediately endorse and deliver to us any payments due us from any third

Provision	Section in Franchise Agreement	Summary
		party that are erroneously made to you; (iii) your failure to maintain sufficient levels of inventory to adequately meet consumer demand; (iv) failure to commence operations in the time period prescribed in Section 3 of your Franchise Agreement; (v) you fail to maintain the prescribed months, days, or hours of operations at the Franchised Business (unless your failure constitutes abandonment under Section 15(B) of your Franchise Agreement); (vi) if you, in our sole discretion, fail to personally supervise day-to-day operations of the Franchised Business (unless you have appointed a Designated Manager) or fail to employ a sufficient number of qualified, competent personnel as we prescribe; (vii) you fail to maintain the strict quality controls reasonably required by this Agreement and/or the Franchise Operations Manual; and (viii) your failure to procure or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business. With the exception of the defaults listed above (Section 14.3) and those defaults listed in Sections 14.1 and 14.2 of the Franchise Agreement (see ITEM 17(H) below), you will have 30 days to cure any other default under the Franchise Agreement, or any other agreement between us and our affiliates (unless a shorter cure period is prescribed in that agreement), from the date of our notice.
h. "**Cause**" defined - defaults which cannot be cured	Sections 14.1 and 14.2	The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; (ii) if proceedings are commenced to have you adjudicated bankrupt or seek your reorganization under any state or federal bankruptcy or insolvency law and such proceedings are not dismissed within 60 days, or a trustee is appointed for you or the Franchised Business without your

Provision	Section in Franchise Agreement	Summary
		consent and the appointment is not vacated within 60 days; or (iii) if you attempt to make an unauthorized transfer of the Franchised Business in violation of Section 16 of your Franchise Agreement. We have the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) you or one of your principal(s) are convicted of, or plead guilty or no contest to, a felony or other offense related to the operation of the Franchised Business or which we believe, in our sole discretion, is likely to have an adverse effect on our Proprietary Marks or the goodwill associated therewith; (ii) you or your principal(s) commit any fraud or misrepresentation in the operation of the Franchise, including a misrepresentation (financial or otherwise) made in completing your Franchise application; (iii) if you or any of your principals, guarantors, or agents engage in activity or conduct that materially impairs the goodwill associated with the Franchise System or Marks and fail to correct such activities or conducts within 24 hours of being notified of this breach; (iv) if you fail to complete the Initial Training Program in the time period prescribed in Section 4 or fail to attend our annual conference without our prior written consent; (v) if we send you three (3) or more written notices to cure any of the defaults set forth in Sections 14.3 or 14.4 of the Franchise Agreement in any 12-month period, regardless of whether or not you subsequently cure these defaults; (vi) your material breach under any other agreement with us or our affiliates, or threatened material breach of these agreements or any lease for the Approved Location, and failure to cure such breach within the prescribed time period set forth in that agreement; (vii) your misuse of our Marks or Confidential Information in any manner; (viii) your violation of any law, ordinance, or regulation, as well as your operation of the Franchised Business in a manner that presents a health or safety hazard to your customers or the general public; (ix) your violation of the any of the restrictive covenants set forth in your Franchise Agreement; (x) if a levy or writ of attachment or execution or any other lien is placed against you

Provision	Section in Franchise Agreement	Summary
		or any of your principals or any of their assets which are not released or bonded against within 30 days; (xi) insolvency of you or your principals; (xii) if you voluntarily or otherwise "abandon" the Franchised Business, as that action is defined in the Franchise Agreement; (xiii) if you offer any unauthorized or unapproved products or services at or from the Franchised Business, purchase certain products/services from an unapproved supplier, or purchase items that are not approved; (xiv) you misuse, or make unauthorized use of, any proprietary software that we may develop; (xv) your failure to maintain the required insurance under the Franchise Agreement; (xvi) if you fail, within 15 days after notification of non-compliance by federal/state/local government authorities, to comply with any law or regulation applicable to the Franchised Business; (xvii) if the government takes any action against you that results in an obligation upon us that we believe is uneconomical, not in our best interest, or which would result in having an unintended relationship or obligation; (xviii) if you fail to comply with any applicable anti-terrorism laws; (xix) if you take any assets or property of the Franchised Business for personal use; and (xx) if there is are insufficient funds available in the bank account(s) you authorize us to make withdrawals from in connection with paying the required amounts under the Franchise Agreement three (3) or more times within any 12-month period.
i. Your obligations on termination or, if applicable, non-renewal	Section 15	Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Franchised Business; (ii) immediately pay all amounts owed us, our affiliates, and our major suppliers; (iii) cease all use of the Marks, de-identify the Franchised Business, and otherwise cease holding yourself or the Franchised Business out as part of our Franchise System; (iv) within ten (10) days, return all proprietary materials, including the Franchise Operations Manual(s) and all clientele information, leasing schedules, and data, Confidential Information, and any other materials displaying our Marks, to us and permanently cease all use of these materials; (v) immediately cease use of all telephone and facsimile numbers and related listings, as well as

Provision	Section in Franchise Agreement	Summary
		any permitted domain names, that were used in connection with the Franchised Business (collectively, the "**Assigned Property**"), and take all necessary steps to assign the Assigned Property to us or our designee; (vi) you must immediately vacate the premises of the Franchised Business and, if we exercise our rights under a Collateral Assignment of Lease, take all necessary steps to assign the lease to us within 15 days of us providing you with notice; (vii) take all actions necessary to amend or cancel any assumed name, business name, or equivalent registration that contains any trade name or Mark, and furnish evidence to us that you have complied with this obligation within 15 days; (viii) permit us to make a final inspection of your financial records, books, and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; and (ix) comply with your post-term restrictive covenants set forth in Section 15.
j. Assignment of contract by company	Section 16.7	There are no restrictions on our right to assign the Franchise Agreement.
k. "Transfer" by you – definition	Section 16.1	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Company's approval of transfer by Franchisee	Sections 16.1 and 16.5	Any transfer requires our prior written consent.
m. Conditions for Company approval of transfer	Sections 16.5.1 through 16.5.17	Transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial, and business standards to operate the Franchised Business, and also possesses good moral character, business reputation, and credit rating; transferee has adequate financial resources and capital to perform under the Franchise Agreement; transferee is not in the same business as us, franchisor, independent operator, or licensee of any other business that is similar to the Franchised Business, except that the transferee may be an existing franchisee; you have paid all amounts owed under any agreement with us or our affiliates, as well as any amounts owed to our Approved Suppliers; you have cured all existing

Provision	Section in Franchise Agreement	Summary
		defaults under the Franchise Agreement, and any other agreement with us or our affiliates and designated/approved suppliers, within the time period permitted for cure, and have substantially complied with these agreements during their respective terms; you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release in favor of us and our affiliates in the form we prescribe; you or the transferee has provided us with a copy of the executed purchase agreement for the Franchised Business, as well as all other documents relevant to the transaction; transferee must execute our then-current form of franchise agreement for the unexpired term of your Franchise Agreement, which may contain materially different terms than your Franchise Agreement; transferee must satisfactorily complete our Initial Training Program at its own expense; pay us a transfer fee; you, your principals, and members of their respective immediate families must comply with the post-termination provisions of the Franchise Agreement; if you are operating from a leased location, the lessor of that location must approve the assignment of the lease to the transferee; the purchase price and terms of the proposed transfer must not be so burdensome as to impair or materially threaten the prospective transferee's ability to operate the Franchised Business and perform under the Franchise Agreement; you must request that we provide the prospective transferee with its current form of Franchise Disclosure Document. We may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise. Our approval of your transfer does not constitute a waiver of any claims we might have against you. You do not need to pay a transfer fee if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company that is wholly owned by you, provided certain conditions are met.

Provision	Section in Franchise Agreement	Summary
n. Company's right of first refusal to acquire your business	Section 16.4	We have the right to match any *bona fide* third-party offer to buy your Franchise rights, assets, or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 16.6 of the Franchise Agreement). We may exercise this right of first refusal within 30 days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third party within 60 days, subject to the conditions set forth in Section 16.5. Otherwise, we will once again have our right of first refusal.
o. Company's option to purchase your business	Section 15.2	Upon your termination, we may purchase personal property used in connection with the operation of the Franchised Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) paying you the book value for such personal property within 60 days of providing you with this notice (as "**book value**" is defined in the Franchise Agreement).
p. Your death or disability	Sections 16.2.1 and 16.2.2	Upon the death, physical, or mental incapacity of any person with an interest in the Franchise Agreement, the Franchisee, or in all or substantially all of the assets of the Franchised Business, the personal representative of such person shall have the right to continue operation of the Franchised Business if: (i) within 90 days from the death/disability/incapacity, the representative has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the Franchise, or has otherwise furnished a personal guaranty of any business entity of franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training tuition rate. We may, but are not obligated to, operate the Franchised Business during the 90-day period following your death/incapacity/disability, and we may pay ourselves a reasonable amount to

Provision	Section in Franchise Agreement	Summary
		reimburse us for providing management services and our other costs.
q. Non-competition covenants during the term of the Franchise	Section 13.2.1	Neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have an owning interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' Franchised Business(es).
r. Non-competition covenants after the Franchise is terminated or expires	Sections 13.2.2.1 and 13.2.2.2	For a period of two (2) years, you may not own, operate, engage in, or otherwise become involved with any competing business that offers or grants licenses or franchises to operate businesses that offer products and services similar to those provided by the Franchised Business. For a period of two (2) years, you may not own, operate, engage in, or otherwise become involved with any Competing Business (as defined in your Franchise Agreement): (i) at the premises of your Franchised Business; (ii) within your Protected Territory; or (iii) within a 20-mile radius surrounding the perimeter of: (a) your Protected Territory; or (b) any other Protected Territory licensed by us, or other My Salon Suite Business or Salon Plaza Business in operation as of the expiration/termination/transfer of your Franchise Agreement through the date of your involvement in the Competing Business. For that same two (2) year period, you are also prohibited from: (i) soliciting customers of your former Franchised Business or contacting any of our Approved Suppliers for any competitive purpose; and (ii) soliciting any employees of us, our affiliate, or any other Franchise System franchisee to discontinue employment.
s. Modification of the agreement	Section 18.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign; however, we can unilaterally modify or change our Franchise Operations Manual and Franchise System, as we deem advisable in our sole discretion.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 18.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside of this Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 17.2 and 17.3	Except for certain claims, all disputes must be mediated and arbitrated in Metairie, Louisiana, subject to applicable state law.
v. Choice of forum	Section 17.5	All disputes must be mediated, arbitrated, and if applicable, litigated in Metairie, Louisiana, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 17.1	Louisiana law, subject to any contrary provision contained in the State-Specific Addendum (See **Exhibit E**), subject to applicable state law.

MULTI-UNIT OPTION AGREEMENT

Provision	Section in Multi-Unit Multi-Unit Option Agreement	Summary
a. Term of Franchise	Section 7	Your Multi-Unit Option Agreement will automatically expire upon the earlier of: (i) the date you timely exercise your option to open your third Franchised Business under the Multi-3 Multi-Unit Option Agreement; your sixth Franchised Business under the Multi-6 Multi-Unit Option Agreement; your tenth Franchised Business under the Multi-10 Multi-Unit Option Agreement; or (ii) the expiration or termination agreement.
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for you to renew or extend	Not Applicable	Not Applicable.
d. Termination by you	Not Applicable	You do not have the contractual right to terminate the Multi-Unit Option Agreement.
e. Termination by us without cause	Not Applicable	Not Applicable.

Provision	Section in Multi-Unit Multi-Unit Option Agreement	Summary
f. Termination by us with cause	Section 7	Your Multi-Unit Option Agreement can be terminated by us as set forth therein.
g. "**Cause**" defined - default which can be cured	Not Applicable	Not Applicable.
h. "**Cause**" defined - default which cannot be cured	Section 7	If you fail to timely execute your option to establish any Franchised Business within the applicable Option Period as set forth in Section 4 of the Multi-Unit Option Agreement, we may terminate your Multi-Unit Option Agreement upon notice and any remaining options you have to open additional Franchised Businesses will be terminated as well.
i. Your obligations on termination/non-renewal	Not Applicable	Not Applicable.
j. Assignment of contract by us	Section 9	We have the right to assign our rights under the Multi-Unit Option Agreement.
k. "**Transfer**" by you - definition	Section 9	You may not transfer any of your rights or obligations under the Multi-Unit Option Agreement without our prior written approval.
l. Our approval of transfer by franchisee	Section 9	You may not transfer any rights or obligations under the Multi-Unit Option Agreement without our prior written consent.
m. Conditions for our approval of transfer	Not Applicable	Not Applicable.
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o. Our option to purchase your business	Not Applicable	Not Applicable.
p. Your death or disability	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the Franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Multi-Unit Option Agreement.
r. Non-competition covenants after the Franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Multi-Unit Option Agreement.
s. Modification of the Franchise Agreement	Section 27	Any modification of this agreement must be in writing and signed by both parties.

Provision	Section in Multi-Unit Multi-Unit Option Agreement	Summary
t. Integration/ merger clauses	Section 27	Only the terms of the Multi-Unit Option Agreement and related written agreements are binding (subject to applicable state law). Any representations or promises made outside this Franchise Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations we made in this Franchise Disclosure Document.
u. Dispute resolution by mediation	Sections 14	Except for certain claims, all disputes must be mediated and arbitrated in Metairie, Louisiana, subject to applicable state law.
v. Choice of forum	Section 14	All disputes must be mediated, arbitrated, and if applicable, litigated in Metairie, Louisiana, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 13	Louisiana law, subject to any contrary provision contained in the State-Specific Addendum (See **Exhibit E**), subject to applicable state law.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

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 any reasonable basis for the information, and if the information is included in the Disclosure Document. Financial information that differs from that included in ITEM 19 may only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this ITEM 19, for example, by providing information about possible performance at a particular location or under particular circumstances. Written substantiation for the financial performance representation will be made available to prospective franchisees on reasonable request. A new franchisee's financial results are likely to differ from the results stated in the financial performance representation.

As of December 31, 2016, there were 36 My Salon Suite Businesses operating in the United States. Of these 36 locations, 29 were open for at least one full year ("**MSS Reporting Group**"). The MSS Reporting Group consists of 25 franchised outlets ("**Franchised Outlets**"), 2 outlets owned by a former principal ("**Associate Group**"), and 2 outlets owned by one of our principals ("**Corporate Group**"). The Associate Group and the Corporate Group do not pay Royalty Fees or Brand Building Fund Contributions,

but otherwise are substantially similar to the type of Franchised Businesses that we expect you to operate under your Franchise Agreement with us.

There are 21 Salon Plaza Businesses operating in the United States and all were open for at least one full year as of December 31, 2016 ("**SP Reporting Group**"). The SP Reporting Group does not pay Royalty Fees or Brand Building Fund Contributions. Results are for their most recent fiscal year, which was October 1, 2015 to September 30, 2016.

FINANCIAL RESULTS

The following tables, 1(A), 1(B) and 1(C), provide information regarding the average occupancy, square feet, number of suites, income, certain expenses and net profit, as defined below. Information is provided for all locations, locations that are 5,000 square feet and larger, and locations less than 5,000 square feet. Also shown are the percent of locations that meet or exceed the average for each category.

Table 1(A)
Franchised Outlets and Associate Group

MY SALON Suite - Franchises/Associates									
	All Locations			5,000 sf and up			Less than 5,000 sf		
# of Locations	27			12			15		
Average			*% that met or exceeded average*			*% that met or exceeded average*			*% that met or exceeded average*
Occupancy	90.9%		*63.0%*	87.9%		*58.3%*	93.4%		*60.0%*
Square Feet	5,002		*37.0%*	5,896		*33.3%*	4,287		*53.3%*
Suites	25		*44.4%*	29		*41.7%*	22		*60.0%*
Income	$336,530	100.0%	*37.0%*	$405,458	100.0%	*58.3%*	$281,388	100.0%	*53.3%*
General Operating Expense	$68,869	20.5%	*40.7%*	$83,301	20.5%	*41.7%*	$57,323	20.4%	*53.3%*
Rent Expense	$110,986	33.0%	*40.7%*	$143,559	35.4%	*33.3%*	$84,927	30.2%	*60.0%*
Net Profit	**$156,676**	**46.6%**	***40.7%***	**$178,598**	**44.0%**	***50.0%***	**$139,138**	**49.4%**	***60.0%***

Table 1(B)
Corporate Group

MY SALON Suite - Corporate									
	All Locations			5,000 sf and up			Less than 5,000 sf		
# of Locations	2			1			1		
Average			*% that met or exceeded average*			*% that met or exceeded average*			*% that met or exceeded average*
Occupancy	98.3%		*50.0%*	96.7%		*100.0%*	100.0%		*100.0%*
Square Feet	5,600		*50.0%*	6,700		*100.0%*	4,500		*100.0%*
Suites	26		*50.0%*	30		*100.0%*	22		*100.0%*
Income	$281,798	100.0%	*50.0%*	$260,613	100.0%	*100.0%*	$302,982	100.0%	*100.0%*
General Operating Expense	$61,681	21.9%	*50.0%*	$61,571	23.6%	*100.0%*	$61,791	20.4%	*100.0%*
Rent Expense	$109,450	38.8%	*50.0%*	$109,427	42.0%	*100.0%*	$109,473	36.1%	*100.0%*
Net Profit	**$110,667**	**39.3%**	***50.0%***	**$89,615**	**34.4%**	***100.0%***	**$131,719**	**43.5%**	***100.0%***

Table 1(C)
SP Reporting Group

Salon Plaza - Corporate									
	All Locations			5,000 sf and up			Less than 5,000 sf		
# of Locations	21			13			8		
Average			*% that met or exceeded average*			*% that met or exceeded average*			*% that met or exceeded average*
Occupancy	97.4%		*66.7%*	97.7%		*61.5%*	97.0%		*75.0%*
Square Feet	6,368		*42.9%*	7,627		*61.5%*	4,323		*62.5%*
Suites	31		*47.6%*	38		*53.8%*	22		*50.0%*
Income	$375,030	100.0%	*47.6%*	$461,417	100.0%	*46.2%*	$234,651	100.0%	*62.5%*
General Operating Expense	$85,069	22.7%	*47.6%*	$102,948	22.3%	*38.5%*	$56,014	23.9%	*50.0%*
Rent Expense	$122,814	32.7%	*47.6%*	$154,541	33.5%	*46.2%*	$71,258	30.4%	*50.0%*
Net Profit	**$167,147**	**44.6%**	***52.4%***	**$203,927**	**44.2%**	***38.5%***	**$107,379**	**45.8%**	***37.5%***

Notes to Tables 1(A), 1(B) and 1(C):

1. Occupancy is calculated by dividing the number of suites occupied by the total number of available suites. Occupancy shown is an average as of December 31, 2016 for the MSS Reporting Group and September 30, 2016 for the SP Reporting Group.
2. Square Feet is the square footage of the franchised business.
3. Income is Gross Revenues as defined in Item 6.
4. General Operating Expenses include professional fees, repair and maintenance, insurance, permit and fees, telephone, water and sewer, garbage, electricity, gas, internet, office expenses, advertising and marketing, and security system. You may incur other expenses not included in this definition.
5. Rent Expense includes the base rent plus an NNN or CAM expenses being paid to the landlord.
6. Net Profit is calculated by subtracting the General Operating Expense and Rent Expense from Income. The Net Profit number excludes any debt service interest payments and royalty payments.
7. % that met or exceeded the average is calculated by dividing the number of locations that met or exceed the average for each category by the total number of locations for that category.

AVERAGE OCCUPANCY

Table 2
MSS Reporting Group and SP Reporting Group

Avg. Occupancy	Unit Maturity	Number of Units in Group			
		MY SALON Suite			Salon Plaza
		Corporate	Associates	Franchised	Corporate
94%	Open 12+ months	2	2	25	21
64%	Open 7-12 months	0	0	3	0
47%	Open 1-6 months	0	0	4	0

Table 2 shows the average Occupancy, by maturity, of 36 corporate, associate and franchised MY SALON Suite units and 21 Salon Plaza units that were open and operating as of December 31, 2016.

We compiled this data using information submitted to us by our franchisees. We did not audit or otherwise verify the accuracy of the information submitted.

Some My Salon Suite Businesses have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.

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

The above representations are the only financial performance representations we make and our employees, agents and representatives are not authorized to make any additional financial representations about the Franchise System, either orally or in writing. If you are purchasing an existing Approved Location, however, we may be able to provide you with the Approved Location's financial performance

information. If you receive any other financial performance information or projections of what your financial results might be if you purchase a location you should report it to our management by contacting Kenneth McAllister, our President and Chief Executive Officer, 3900 N. Causeway Boulevard, Suite 1200, Metairie, Louisiana 70002, (855) 677-3726, the Federal Trade Commission, and appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

MY SALON SUITES

Table No. 1
Franchise System-Wide Outlet Summary
For My Salon Suite Locations - Years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Associates/Franchises	2014	1	16	+15
	2015	16	27	+11
	2016	27	34	+7
Company-Owned	2014	2	2	0
	2015	2	2	0
	2016	2	2	0
Total Outlets	**2014**	**3**	**18**	**+15**
	2015	**18**	**29**	**+11**
	2016	**29**	**36**	**+7**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For My Salon Suite locations - Years 2014 to 2016

State	Year	Number of Transfers
Totals	2014	0
	2015	0
	2016	0

Table 3
Status of Franchised Outlets
For My Salon Suite locations - Years 2014 to 2016

State	Year	Outlets at Start of the Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Colorado	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Connecticut	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	1	0	0	0	0	0	2
Delaware	2014	0	0	0	0	0	0	0
	2015	1	0	0	0	0	0	1
	2016	0	1	0	0	0	0	1
Florida	2014	1	8	0	0	0	0	9
	2015	9	5	0	0	0	0	14
	2016	14	2	0	0	0	0	16
Georgia	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	1	1	0	0	0	0	3
Michigan	2014	0	2	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Minnesota	2014	0	1	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Nevada	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
New York	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
North Carolina	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Texas	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	2	0	0	0	0	4
Totals	**2014**	**1**	**15**	**0**	**0**	**0**	**0**	**16**
	2015	**16**	**11**	**0**	**0**	**0**	**0**	**27**
	2016	**27**	**7**	**0**	**0**	**0**	**0**	**34**

Table No. 4
Status of Company-Owned Outlets
For My Salon Suite locations - Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Louisiana	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	**2014**	**2**	**0**	**0**	**0**	**0**	**2**
	2015	**2**	**0**	**0**	**0**	**0**	**2**
	2016	**2**	**0**	**0**	**0**	**0**	**2**

Table No. 5
Projected Openings for My Salon Suite locations
As of
December 31, 2016 for 2017

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	2	4	0
Colorado	3	3	0
Connecticut	0	1	0
Delaware	0	1	0
Florida	0	4	0
Georgia	2	3	0
Illinois	0	3	0
Indiana	1	1	0
Louisiana	0	0	1
Michigan	2	3	0
Minnesota	1	1	0
Missouri	0	1	0
Nevada	0	1	0
New York	1	1	0
North Carolina	1	3	0
Texas	3	6	0
Tennessee	0	1	0
Washington	1	1	0
Virginia	1	4	1
Total	**18**	**43**	**2**

SALON PLAZA

Table No. 1
Franchise System-wide Outlet Summary
for Salon Plaza locations - years 2014 to 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Company-Owned*	2014	20	21	+1
	2015	21	21	0
	2016	21	21	0
Total Outlets	**2014**	**20**	**21**	**+1**
	2015	**21**	**21**	**0**
	2016	**21**	**21**	**0**

*As of December 31, 2016, there were 21 Salon Plaza Businesses operating in Maryland and Virginia. These outlets are not owned or operated by Suite Management Franchising, LLC or any affiliates of ours. They are owned and operated by affiliates, partners, members or shareholders of SPES, the licensor of the SP Marks to us.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Salon Plaza locations - years 2014 to 2016

State	Year	Number of Transfers
Totals	**2014**	**0**
	2015	**0**
	2016	**0**

Table 3
Status of Franchised Outlets
For Salon Plaza locations - years 2014 to 2016

State	Year	Outlets at Start of the Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Totals	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Salon Plaza locations - Years 2014 to 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Maryland	2014	12	0	0	0	0	12
	2015	12	0	0	0	0	12
	2016	12	0	0	0	0	12
Virginia	2014	8	1	0	0	0	9
	2015	9	0	0	0	0	9
	2016	9	0	0	0	0	9
Total Outlets*	**2014**	**20**	**1**	**0**	**0**	**0**	**21**
	2015	**21**	**0**	**0**	**0**	**0**	**21**
	2016	**21**	**0**	**0**	**0**	**0**	**21**

*These outlets are not owned or operated by Suite Management Franchising, LLC or any affiliates of ours. They are owned and operated by affiliates, partners, members or shareholders of SPES, the licensor of the SP Marks to us.

Table No. 5
Projected Openings for Salon Plaza locations - as of December 31, 2016 for 2017

State	Franchise Agreements Signed but Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	1	1	0
Maryland	0	0	1
North Carolina	1	1	0
Texas	0	1	0
Virginia	0	0	1
Totals	**2**	**3**	**2**

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as **Exhibit H**. The name and last known address and telephone number of every current franchisee and every franchisee who has had a My Salon Suite Franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one (1) year period ending December 31, 2016, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document, is listed in **Exhibit H**.

As of the Issuance Date we had not opened any Salon Plaza Franchised Businesses. As a result, we do not have any current or former Salon Plaza Franchises. Affiliated entities of SPES, the entity that licenses the SP Marks to us, owned and operated 21 Salon Plaza Businesses in Maryland and Virginia for their own account and not through any franchise or license arrangement with us.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the My Salon Suite Franchise System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the My Salon Suite Franchise System. If you buy a My Salon Suite Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific Franchise organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit A contains the following financial statements: audited financial statements as of December 31, 2016, December 31, 2015, and December 31, 2014. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Option Agreement
Exhibit E	State Addenda and Agreement Riders
Exhibit F	Contracts for use with the Franchised Business

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, **Exhibit J,** are a detachable document, in duplicate. Please detach, sign, date, and return one (1) copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT B

FRANCHISE AGREEMENT

Suite Management Franchising, LLC

FRANCHISE AGREEMENT

Franchisee: _____

Date: _____

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ATTACHMENTS

ATTACHMENT A – DATA SHEET AND STATEMENT OF OWNERSHIP
ATTACHMENT B – OWNERS AGREEMENT
ATTACHMENT C – SITE SELECTION ADDENDUM

SUITE MANAGEMENT FRANCHISING, LLC.
FRANCHISE AGREEMENT

This Franchise Agreement ("**Franchise Agreement**") is made and entered into by and between Suite Management Franchising, LLC, a Florida limited liability company ("**Franchisor**"), and that certain Franchise Owner identified on **Attachment A** to this Franchise Agreement ("**Franchisee**"), as of the "**Effective Date**" identified on **Attachment A** to this Franchise Agreement.

BACKGROUND

A. As the result of the expenditure of time, skill, effort and money, Franchisor and its Affiliate (as defined below) have developed and own the rights to franchise a unique and distinctive system ("**System**") relating to the establishment and operation of facilities at an Approved Location (defined in Section 1 below) that provide turnkey salon suite studios and ancillary services to salon professionals under the trademarks "**My Salon Suite**" or "**Salon Plaza**" (individually the "**Franchised Business**"). "**My Salon Suite**" Franchised Businesses provide a luxury environment and "**Salon Plaza**" Franchised Businesses offer upscale modern decor. Unless otherwise noted in this Franchise Agreement, all references to "**Franchised Business**" mean either: (a) the My Salon Suite; or (b) the Salon Plaza business, designated by Franchisor in **Attachment A**.

B. The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings of a Franchised Business; proprietary services and products that are offered to clientele of a Franchised Business; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the "**My Salon Suite**" and "**Salon Plaza**" trademarks and such other trade names, service marks, and trademarks as are now designated for use in connection with the System (hereinafter referred to as "**Proprietary Marks**"). The Proprietary Marks are licensed to Franchisor so that Franchisor may use, and sublicense the right to use the Proprietary Marks.

D. Franchisor and its Affiliate continue to develop, use and control the use of such Proprietary Marks in order to identify for the public the source of marketed services and products marketed and under the System, and to represent the System's high standards of quality, appearance and service.

E. Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the Franchised Business ("**System Standards**"). Franchisee must comply with this Franchise Agreement and the System Standards and other requirements that Franchisor or its Affiliate may periodically prescribe for operating a Franchised Business.

F. Franchisee has applied for a franchise to own and operate a single Franchised Business.

G. Franchisor hereby grants Franchisee the right to own and operate a Franchised Business or using its Proprietary Marks and System, in reliance upon all of the representations made in Franchisee's application and in this Franchise Agreement.

AGREEMENT

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

1. DEFINITIONS

Whenever used in this Franchise Agreement, the following words and terms have the following meanings:

"Affiliate" means any entity that controls, is controlled by, or is under common control with Franchisor;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

"Designated Manager" means the person designated by Franchisee that Franchisor approves and who has primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager shall be Franchisee;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and Proprietary Marks;

"Gross Revenues" means the total selling price of all services and products sold at and accrued at, from, or through Franchisee's Franchised Business, whether or not sold or performed at or from Franchisee's Franchised Business, including the full redemption value of any gift certificate or coupon sold for use at the Franchised Business (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) and all income and revenue of every other kind and nature related to the Franchised Business operation, whether for cash or credit, and regardless of collection in the case of credit. "Gross Revenues" does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the customer is charged, and Franchisee pays such amounts as and when due to the appropriate taxing authority. Also excluded from Gross Revenues are the amount of any documented refunds, charge-backs, credits and allowances given to customers in good faith pursuant to Franchisor's standard procedures for issuing such refunds. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or customer will be valued at the full retail value of the goods or services provided to Franchisee;

"Incapacity" means the inability of Franchisee to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one or more local or global interactive communications media that is now available, or that may become available, and includes websites and domain names on the World Wide Web;

"Manual" means the Franchisor's proprietary franchise operations manual, and any other items as may be provided, added to changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and manager's manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

"Proprietary Marks" means either the trademark "**My Salon Suite**" or the trademark "**Salon Plaza**" as designated on **Attachment A** in both word and design mark form, and such other trade names, trademarks,

service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols related to the "**My Salon Suite**" or "**Salon Plaza**" trademark as Franchisor may designate to be used in connection with Franchised Business and/or the System;

"**System**" means the uniform standards, methods, procedures and specifications developed by Franchisor and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of a Franchised Business;

"**System Standards**" means all mandatory and suggested specifications, policies, standards, safety requirements, operating procedures, and rules periodically prescribed by Franchisor concerning the operation of a Franchised Business, and any information on Franchisee's other obligations under the Franchise Agreement to maintain the high and consistent quality critical to attracting and keeping clients of Franchised Businesses and preserving the goodwill of the Proprietary Marks; and

"**Trade Secrets**" means information, without regard to form including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential clients or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 Grant and Acceptance. Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Franchise Agreement, and Franchisee hereby accepts, a non-exclusive license to establish and operate one (1) Franchised Business utilizing the System and either the "**Salon Plaza**" Proprietary Marks or the "**My Salon Suite**" Proprietary Marks in accordance with the trade name designated by Franchisor on **Attachment A**. If Franchisee has been granted the right to use the "**Salon Plaza**" Proprietary Marks, Franchisee, has no right to, and shall not use the "**My Salon Suite**" Proprietary Marks and if Franchisee has been granted the right to use the "**My Salon Suite**" Proprietary Marks, Franchisee has no right to, and shall not use the "**Salon Plaza**" Proprietary Marks. Franchisor has the right to periodically supplement, improve or otherwise modify the System and System Standard. Franchisee agrees to comply with all changes that may include, without limitation, the offer and sale of new or different products or services through the Franchised Business as Franchisor may specify.

2.2 Approved Location. Franchisee may operate the Franchised Business only at the Approved Location identified in **Attachment A** ("**Data Sheet**"). Franchisee may not relocate the Franchised Business without Franchisor's prior written consent, and Franchisee must reimburse Franchisor for Franchisor's cost in reviewing, evaluating, approving and assisting in any relocation as set forth in Section 7 of this Franchise Agreement. In the event Franchisee has not secured an Approved Location prior to the Effective Date, then the parties will enter into Franchisor's prescribed form of site selection addendum attached to this Franchise Agreement as **Attachment C** ("**Site Selection Addendum**"), and Franchisee must locate and secure an Approved Location within the "**Site Selection Area**" defined therein. Franchisee is not entitled to any territory protection until an Approved Location has been approved by Franchisor and a Protected Territory (defined below) is granted. If Franchisee is seeking to locate the Approved Location in an area where a Franchised Business exists, Franchisee's proposed location may be subject to a right of first refusal to the existing franchisee.

2.3 Protected Territory. Except as otherwise provided in this Franchise Agreement and for so long as Franchisee is not in default of this Franchise Agreement, Franchisor will not establish and operate, nor

license any other third party the right to establish and operate, a Franchised Business within the standard geographical area ("**Protected Territory**") during the term of this Franchise Agreement. Unless the Approved Location is: (i) in a densely-populated area or sparsely populated area ("**Nonstandard Territory**"); and (ii) Franchisee has signed a territory change addendum; the Protected Territory will be a radius of two (2) miles from the Approved Location. A territory change addendum ("**Territory Change Addendum**") will be created in the sole discretion of the Franchisor based on the location and demographics surrounding Franchisee's Approved Location. If Franchisee has chosen an Approved Location that qualifies for a Nonstandard Territory, Franchisee must sign the Territory Change Addendum as a condition to receiving approval for the proposed Approved Location. Franchisor and its Affiliates retain all other rights, including without limitation, those rights set forth in this Section 2.

2.4 Rights Within and Outside Protected Territory. Franchisee may market and promote the Franchised Business and the authorized products and services through its Franchised Business outside of the Protected Territory, provided the Franchisee first obtains Franchisor's prior written consent. Franchisee may not solicit business in any other franchisee's protected territory without first obtaining the consent of Franchisor. All sales and other activity must be conducted in accordance with the terms of this Franchise Agreement and System Standards. Franchisee may accept customers from outside Franchisee's Protected Territory, provided Franchisee did not solicit such customers by advertising outside of Franchisee's Protected Territory. If Franchisee wishes to advertise outside of the Protected Territory, Franchisor may condition its consent upon Franchisee's agreement to offer other franchisees operating in territories encompassed by the circulation base of Franchisee's proposed advertising the opportunity to participate in, and share the expense of, such solicitation and/or advertising.

2.5 Reserved Rights. Franchisor and/or its Affiliates expressly reserve all rights not expressly granted to Franchisee under this Franchise Agreement, including, among other things, the right to: (i) establish and operate, and license any third party the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Protected Territory; (ii) market, offer and sell products and services that are similar to those products and services offered by the Franchised Business under a different trademark(s) at any location, within or outside the Protected Territory (excluding "**Salon Plaza**" Franchised Businesses if Franchisee is a My Salon Suite franchisee and excluding "**My Salon Suite**" Franchised Businesses if Franchisee is a "**Salon Plaza**" franchisee; (iii) use the Proprietary Marks and System to distribute Franchisor's approved products and/or services (including services such as those performed by the Franchised Business) in any alternative channel of distribution within or outside the Protected Territory, including via the Internet, mail order catalog, direct mail marketing and the sale of products in retail or wholesale store locations; (iv) to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by Franchisee under the System and Proprietary Marks, within or outside the Protected Territory; (v) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Franchise Agreement. Franchisee understands that this Franchise Agreement grants Franchisee no rights: (i) to distribute such products or services as described in this Section; or (ii) to share in any of the proceeds received by any such party unless Franchisor otherwise agrees in writing.

3. FEES

3.1 Franchise Fee. Franchisee shall pay to Franchisor, on execution of this Franchise Agreement, a non-refundable initial franchise fee of Fifty Thousand Dollars ($50,000) ("**Initial Franchise Fee**"). Franchisee may, at the time Franchisee signs this Franchise Agreement, purchase the rights to open either (i) a single Franchised Business; (ii) up to 3 Franchised Businesses (a "**Multi-3 Franchise**"), (iii) the rights to operate up to 6 Franchised Businesses (a "**Multi-6 Franchise**"); or the rights to open ten (10) Franchised

Businesses (a "**Multi-10 Franchise**"). If Franchisee purchases a Multi-3 Franchise, a Multi-6 Franchise or a Multi-10 Franchise, Franchisee will sign the "Multi-Unit Option Agreement" the form of which is attached to the franchise disclosure document in Exhibit F. To open additional Franchised Businesses under the Multi-3 Franchise, Multi-6 Franchise or the Multi-10 Franchise, Franchisee will not be required to pay an Initial Franchise Fee (all other fees will apply). The entire Initial Franchise Fee is deemed fully earned upon payment and is not refundable under any circumstances, in consideration of: (i) administrative, legal and other expenses incurred by Franchisor in granting this franchise; and (ii) Franchisor's lost or deferred opportunity to enter into this Franchise Agreement with others.

3.2 Expansion Fee. If Franchisee is in good standing under all franchise agreements and other agreements between Franchisee and Franchisor or its affiliates, and Franchisee otherwise qualifies to purchase one or more additional Franchised Business, Franchisee may purchase additional Franchised Businesses at a later date by paying Franchisor an expansion fee ("**Expansion Fee**"). The Expansion Fee is determined as follows: if Franchisees originally purchased a single unit, then Franchisee can purchase additional Franchised Businesses by paying an Expansion Fee of $35,000 each; if Franchisee originally purchased a Multi-3, then Franchisee can purchase additional Franchised Businesses by paying an Expansion Fee of $25,000 each; if Franchisee originally purchased a Multi-6, then Franchisee can purchase additional Franchised Businesses by paying an Expansion Fee of $20,000 each; and if franchisee originally purchased a Multi-10, then Franchisee can purchase additional Franchised Businesses by paying an Expansion Fee of $15,000 each. If Franchisee commits to purchasing additional Franchised Businesses, Franchisee will be required to sign the then-current form of Franchise Agreement.

3.3 Royalty Fee. Franchisee shall, on or before the 10th day of each month, pay to Franchisor a monthly royalty fee ("**Royalty Fee**") equal to five and one-half percent (5.5%) of Gross Revenues for the previous month.

3.4 Brand Building Fund Contribution. In the event Franchisor establishes a System-wide marketing and brand building fund (the "**Brand Building Fund**") as set forth more fully in Section 9 of this Franchise Agreement, Franchisor may require Franchisee to contribute to the Brand Building Fund in an amount that will be up to one percent (1%) of Gross Revenues (the "**Fund Contribution**"), which will be due and payable on a monthly basis at the same time and in the same manner as the Royalty Fee. Franchisor will provide Franchisee with at least ten (10) days written notice prior to establishing a Brand Building Fund and collecting Fund Contributions from Franchisee.

3.5 Gross Revenues Reports. Upon thirty (30) days written notice by Franchisor, Franchisee must begin sending Franchisor a signed Gross Revenues report (the "**Gross Revenues Report**") on or before the 5th of each month detailing the following information from the preceding calendar month: (i) Gross Revenues of the Franchised Business; (ii) Franchisee's calculated Royalty Fee and Fund Contribution based on such Gross Revenues; and (iii) any other information Franchisor may require for that reporting period. Franchisor may periodically change the form and content of the Gross Revenues Reports.

3.6 Method of Payment.

3.6.1 *EFT Program.* With the exception of the Initial Franchise Fee, Franchisee shall pay all fees due to Franchisor under this Franchise Agreement through an electronic funds transfer ("**EFT**"). At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Franchise Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached to the franchise disclosure document, necessary to effectuate Franchisor's ability to withdraw

funds from such bank account via EFT. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor shall have the right to periodically specify (in the Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly/biweekly payment, payment by auto-draft, and payment by check. Franchisor reserves the right to charge a service fee of up to four percent (4%) for any payment paid to it or its Affiliates by credit card.

3.6.2 *Non-Submission of Gross Revenues Reports.* If the Gross Revenues Report has not been received as required by this Franchise Agreement, then Franchisor may process an EFT for the month based on the most recent Gross Revenues Report provided by Franchisee to Franchisor, provided, that if a Gross Revenues Report for the month is subsequently received and reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

3.6.3 *Right to Modify Payment Interval or Method.* Franchisor reserves the right to modify its method or interval for collecting any fees Franchisee must pay under this Franchise Agreement upon notice to Franchisee, and Franchisor may provide such notice via the Manual or any other manner that Franchisor deems appropriate.

3.7 Late Payments and Interest. Any amounts due Franchisor under this Franchise Agreement, including without limitation, Royalty Fees and Fund Contributions and amounts due for purchases made by Franchisee from Franchisor or its Affiliates, that are not received by Franchisor (or, if appropriate, its Affiliate) by the due date for said payment will bear interest until it is paid in full at the lesser of the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law. If any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event, Franchisee shall pay Franchisor One Hundred Dollars ($100) per occurrence. Franchisee must also pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and outstanding amounts due Franchisor (or its Affiliate), including without limitation, reasonable accounting and legal fees. The foregoing remedy shall be in addition to any other remedies the Franchisor may possess, as permitted by law. Franchisee acknowledges that this paragraph shall not constitute agreement by the Franchisor to accept such payments after they are due or a commitment by the Franchisor to extend credit to, or otherwise finance Franchisee's operation of Franchised Business. Further, Franchisee acknowledges that its failure to pay all amounts when due will constitute grounds for termination of this Franchise Agreement if non-payment is not timely cured as set forth in this Franchise Agreement.

3.8 Franchisor's Right to Apply Franchisee Payments. Notwithstanding any designation by Franchisee, the Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee in connection with payments due under this Franchise Agreement, amounts due in connection with purchases from the Franchisor and any of its Affiliates, interest or any other indebtedness.

3.9 No Right to Off Set. Franchisee cannot set off any payments required to be made to Franchisor under this Franchise Agreement against any monetary claim it may have against Franchisor.

3.10 Taxes. Franchisee shall be responsible for paying any and all taxes and sales taxes collected in connection with the Franchised Business to the appropriate government entity.

4. TERM AND RENEWAL

4.1 Initial Term. This Franchise Agreement shall be effective and binding from the date of its execution for an initial term equal to ten (10) years from the Effective Date, unless earlier terminated by Franchisor under this Franchise Agreement.

4.2 Renewal Term. Franchisee shall have the right to renew this Franchise Agreement for two (2) additional, successive terms of ten (10) years, provided that all of the following conditions have been fulfilled:

4.2.1 Franchisee has, during the entire term of this Franchise Agreement, substantially complied with all material provisions;

4.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which must be in full compliance with Franchisor's System Standards;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any System modifications such that the Franchised Business reflects the System Standards prior to the renewal date;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate) and has timely met these obligations throughout the term of this Franchise Agreement;

4.2.5 Franchisee is not in default of any provision of this Franchise Agreement or any other agreement between Franchisee and Franchisor, its Affiliates or any of Franchisor's Approved Suppliers (as defined in this Franchise Agreement);

4.2.6 Franchisee has given written notice of its intent to renew no less than nine (9) months, and no more than twelve (12) months, prior to the expiration of the then-current term;

4.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, the terms of which: (i) will supersede this Franchise Agreement in all respects, and (ii) may materially differ from the terms of this Franchise Agreement by requiring, among other things, a different percentage Royalty Fee or Fund Contribution (provided, however, that Franchisee shall not be required to pay Franchisor's then-current Initial Franchise Fee under such a renewal franchise agreement);

4.2.8 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with Franchisor's then-current training requirements for renewing franchisees; and

4.2.9 Franchisee has executed a general release of any and all claims against Franchisor, its Affiliate(s) and against their respective officers, directors, shareholders and employees;

4.2.10 Franchisee has obtained and maintained all licenses, permits and approvals required by federal and state law applicable to providing the Franchisor's authorized products and services at the Approved Location and operated in the Franchise Business within the Protected Territory; and

4.2.11 Franchisee has paid a franchise renewal fee of Two Thousand Dollars ($2,000) ("**Renewal Fee**") at least thirty (30) days prior to the expiration of the Franchise Agreement.

5. MARKS

5.1 Ownership. Franchisee's right to use the Proprietary Marks is derived solely from this Franchise Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Franchise Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. The parties agree and acknowledge that any unauthorized use of the Proprietary Marks by Franchisee constitutes both a breach of this Franchise Agreement and intentional infringement of Franchisor's trademark rights in and to the Proprietary Marks. Franchisee's use of the Proprietary Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Proprietary Marks by virtue of any use it may make of the Proprietary Marks. This Franchise Agreement does not confer any goodwill, title or interest in the Proprietary Marks to Franchisee. Franchisee shall not, at any time during the term of this Franchise Agreement or after its termination or expiration: (i) challenge or contest the validity or ownership of any of the Proprietary Marks; or (ii) assist any other person in challenging or contesting the validity or ownership of any of the Proprietary Marks in any manner.

5.2 Limitations on Use. Franchisee shall not use any portion of the Proprietary Mark or trade name as part of any corporate or trade name, including without limitation, any use of such name or Proprietary Mark with any prefix, suffix or other modifying words, terms, designs or symbols or in any other modified form, without the prior written consent of Franchisor. In the event a modification is approved by Franchisor, such modification will be considered the property of Franchisor and Franchisor may license such modification to third parties. Franchisee may not use any trade name or any Proprietary Mark in connection with the sale of any unauthorized products or services, or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies, and provide Franchisor with a copy of any fictitious or assumed name registrations that Franchisor permits Franchisee to obtain. Franchisee shall not register or seek to register as a trademark or service mark, with either the United States Patent and Trademark Office or any state or foreign country, any of the Proprietary Marks or a trademark or service mark that is confusingly similar to any Proprietary Mark licensed to Franchisee. Franchisee must display a prominent notice stating that the Franchised Business is an "**Independently Owned and Operated Franchise**" of Franchisor on all letterhead, forms, cards and other such identification, and Franchisee must also display such a notice at the Approved Location.

5.3 Notification of Infringements and Claims. Franchisee must notify Franchisor within seven (7) business days of obtaining notice or knowledge of any claim, demand or cause of action based upon, or arising from, any attempt by any other person or business to use the Proprietary Marks or any colorable imitation thereof notify Franchisor of such claim, demand or cause of action. Franchisee must notify Franchisor of any action, claim or demand against Franchisee relating to the Proprietary Marks within seven (7) business days after Franchisee receives notice of said action, claim or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Proprietary Marks, Franchisor has the right, at its option, to control the defense of any such action. Franchisor has the exclusive right to contest or bring action against any third party regarding that third party's use of any of the Proprietary Marks, and shall exercise such right in its sole discretion. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge, contest, action or claim; provided, however, Franchisee may communicate with its counsel at its own expense. In any defense or prosecution of any litigation relating to the Proprietary Marks or components of the System undertaken by Franchisor, Franchisee must use its best efforts to fully cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties shall make every effort consistent with the foregoing to protect, maintain and promote the Proprietary Marks as identifying the System.

5.4 Indemnification for Use of Proprietary Marks. Franchisor may, as it deems appropriate in its sole discretion, indemnify, defend and hold Franchisee harmless for any third party claims brought against Franchisee that solely arise out of Franchisee's expressly authorized use of the Proprietary Marks in connection with the Franchised Business, but Franchisor shall not be obligated to do so under any circumstances. In the event Franchisor does elect to indemnify Franchisee under this Section, Franchisee must have strictly complied with all notice and other requirements under this Section, and must continue to do so until the matter is resolved.

5.5 Discontinuance of Use. If Franchisor determines in its sole discretion that it is advisable or necessary to discontinue, supplement or otherwise modify any of the Proprietary Marks used in connection with the Franchised Business and/or System, including using one or more substitute or additional marks, trade names or other commercial symbols, Franchisor will provide Franchisee with written notice of this determination and directives for implementing any such change in the Proprietary Marks. Franchisee agrees and acknowledges that it must comply with Franchisor's directives within ten (10) business days of receiving notice from Franchisor, unless Franchisor directs Franchisee that the change must be made immediately in order to resolve any third-party claim or dispute regarding the Proprietary Marks. Franchisor will not be required to reimburse Franchisee for any expenses it incurs in connection with: (i) modifying or discontinuing the use of a Proprietary Mark; (ii) any alleged loss of goodwill associated with any modified or discontinued Proprietary Mark; or (iii) for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark.

5.6 Right to Inspect. Franchisor and/or its designees will have the irrevocable right to enter and inspect the Franchised Business and the Approved Location at all reasonable times in order to: (i) ensure that Franchisee is properly using and displaying the Proprietary Marks in the operation of the Franchised Business; (ii) observe the manner in which Franchisee is rendering its services and conducting its activities and operations to ensure compliance with System Standards and specifications; and (iii) inspect facilities, financials, equipment, supplies, reports, forms and documents and related data to ensure that Franchisee is otherwise operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and/or its designee also have the right, at any reasonable time, to remove sufficient quantities of any item used in the rendering of services, to test whether such item meet Franchisor's then-current standards. Franchisor may conduct such inspections during any regular business hours of the Franchised Business (as prescribed herein or the Manual) without notice to the Franchisee, provided Franchisor has a good faith belief that its inspection will not substantially disrupt the operations of the Franchised Business. Otherwise, Franchisor may provide twenty four (24) hours' notice of such inspection.

5.7 Franchisor's Sole Right to Domain Name. Franchisee hereby acknowledges that Franchisor and its Affiliates and are the owners or all rights, title and interest in the registration of the domain name www.mysalonsuite.com and any other domain used for the System ("**Domain Name**"). During the term of this Franchise Agreement and thereafter, Franchisee agrees not establish, create, traffic in, or operate an Internet site or website using a domain name or uniform resource locator containing any of the Proprietary Marks, including "**My Salon Suite**," "**Salon Plaza**," or any portion or variation thereof. Franchisee agrees and acknowledges that Franchisor, its Affiliate and any licensor of Franchisor or its Affiliate retain the exclusive right to advertise on the Internet and create websites using the "**My Salon Suite**" or "**Salon Plaza**" name and any other domain name(s) that Franchisor may specify in the Manual or other writing. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual.

5.8 Improvements. Any improvements or additions to the System, patents, copyrighted materials, the Domain Name, website, or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols

related to the Franchised Business or any advertising and promotional ideas or inventions related to the Franchised Businesses (collectively, "**Improvements**") conceived or developed by Franchisee shall become Franchisor's property. Franchisee agrees to assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisor may apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. Franchisor may also consider such Improvements as the property and trade secrets of Franchisor. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other person or entity retained or employed by Franchisee is Franchisor's property, and Franchisor shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the Improvements are not works made for hire or rights in the Improvements do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Improvements, which Franchisee and the author of such Improvements warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure Franchisor's right in the Improvements as required in this Section.

5.9. Photo/Video Release. Franchisee acknowledges and authorizes Franchisor to use its likeness in a photograph in any and all of Franchisor's publications, including printed and digital publications and on websites. Franchisee agrees and understands that any photograph using Franchisee's likeness will become Franchisor's property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph of Franchisee for any lawful purpose. Franchisee agrees and waives any rights to royalties or any other compensation related to Franchisor's use of any photograph of Franchisee. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

6. MANUAL

6.1 Loan by Franchisor. During the term of this Franchise Agreement, Franchisor shall loan to Franchisee one (1) copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and Franchisee must promptly return the Manual upon expiration or termination of this Franchise Agreement.

6.2 Revisions to the Manual. Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor. Franchisor may make and provide Franchisee will such changes or modifications to the Manual without any prior notice to Franchisee, and Franchisee must immediately adopt such changes upon receipt thereof.

6.3 Confidentiality of Manual. The Manual contains certain Trade Secrets and other Confidential Information (defined below) of Franchisor and shall be kept confidential by Franchisee both during the

term of the Franchise Agreement and subsequent to the expiration or termination of this Franchise Agreement. Franchisee must at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. Franchisee may not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner. Franchisee must maintain the Manual in a locked receptacle at the Approved Location and shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling. At Franchisor's option, Franchisor may post some or all of the Manual, as well as updates thereto, on a restricted website or extranet to which Franchisee and others in the System will have access. If Franchisor chooses to do so, Franchisee agrees to monitor and access such website or extranet for any updates to the Manual or System Standards. All passwords or other digital identifications necessary to access the Manual on a website or extranet are deemed "**Confidential Information**" as defined in this Franchise Agreement.

7. SITE SELECTION AND FRANCHISED BUSINESS CONSTRUCTION

7.1 Site Selection.

7.1.1 Franchisee is solely responsible for locating an Approved Location for the Franchised Business and securing a lease for such location. Franchisor will provide Franchisee with its site selection criteria for the Franchised Business, to the extent such criteria have been developed, either as part of the Manual or otherwise in writing after this Franchise Agreement has been executed. Franchisor may, as it deems appropriate in its sole discretion, assist Franchisee in evaluating a potential location and reviewing the terms of any lease for such location. If Franchisor deems necessary, Franchisor will send a representative to travel to any proposed location for the Franchised Business and provide an on-site evaluation of the premises, and Franchisee must reimburse Franchisor for the reasonable expenses incurred in connection with such an evaluation.

7.1.2 Franchisee must provide Franchisor with all information Franchisor reasonably requires with respect to any proposed location for the Franchised Business, including a copy of the lease and/or the purchase agreement for such location. Franchisee must propose at least one (1) location within six (6) months of the Effective Date, or Franchisor may immediately terminate this Franchise Agreement upon notice.

7.1.3 Franchisor will use commercially reasonable efforts to approve or reject any proposed location within fifteen (15) business days of receiving all the information. Franchisor will not unreasonably withhold its approval of a proposed location provided the information provided by Franchisee for the location demonstrates that it meets Franchisor's standards. Franchisor may condition its approval of the lease for any proposed location on Franchisee and landlord's agreement to enter into a collateral assignment of lease for the premises and a lease addendum in substantially the same form as the documents attached to the franchise disclosure document. Franchisor may terminate this Franchise Agreement upon notice to Franchisee if Franchisee fails to obtain an Approved Location within nine (9) months of the Effective Date, unless Franchisor agrees to a longer period of time.

7.1.4 Franchisee understands and acknowledges that: (i) the location of the Franchised Business is one of many considerations in the potential success of the Franchised Business; and (ii) Franchisor's approval of any proposed location does not constitute any type of representation or guarantee by Franchisor with respect that Franchisee will succeed at the selected Approved Location, or constitute an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and

negotiating a lease for the Franchised Business. Once Franchisee secures an Approved Location, the information must be updated on the Data Sheet.

7.2 Zoning Clearances, Permits and Licenses. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Franchised Business and/or the Approved Location. Prior to beginning the construction of the Franchised Business, Franchisee shall: (i) obtain all permits, licenses and certifications required in connection with the lawful construction or remodeling, as well as the operation of, the Franchised Business at the Approved Location; and (ii) certify in writing to Franchisor that the insurance coverage specified in this Franchise Agreement is in full force and effect, and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, Franchisee must provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

7.3 Design Standards Fee and Architectural Requirements. Franchisee shall pay to Franchisor, within 5 days of Franchisor's invoice, a design standards fee ("**Design Standards Fee**"), in the amount of $1,000. The Design Standards Fee is for access to Franchisor's then-current "**Franchise System Standards and Specifications for the Build-Out, Remodeling or Construction of your Franchised Business**" information. Franchisor will also provide Franchisee with any template architectural or designed plans, if any, previously approved or designated by Franchisor upon request of Franchisee. The Design Standards Fee is deemed fully earned upon payment and is not refundable under any circumstances. Franchisee must obtain any architectural, engineering and design services it deems necessary for the construction of the Franchised Business at its own expense from an architectural design firm that Franchisor approves. Franchisee will be required to provide Franchisor with both CAD and PDF files of the architectural designs for the build out of the Approved Location. Franchisor may provide prototypical architectural and design plans and specifications for construction and/or build-out of a Franchised Business. Franchisee must ensure that such plans, if provided, are complied with in the build-out of the Franchised Business, unless Franchisee adapts such plans and submits them to Franchisor for review. If Franchisor determines, in its reasonable discretion, that any such plans are not consistent with the best interests of the System, Franchisor may prohibit the implementation of such plans, and in this event will notify Franchisee of any objection(s) within 10 business days of receiving such plans. If Franchisor fails to notify Franchisee of an objection to the plans within this time period, Franchisee may use such plans. If Franchisor objects to any such plans, it shall provide Franchisee with a reasonably detailed list of changes necessary to make the plans acceptable. Franchisor shall, upon a re-submission of the plans with such changes, notify Franchisee within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If Franchisor fails to notify Franchisee in writing of any objection within such time period, Franchisee may use the resubmitted plans. Franchisee acknowledges that Franchisor's review of such plans relates only to compliance with the System and that acceptance by Franchisor of such plans does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor that such plans are accurate or free of error concerning their design or structural application. Franchisee will be required to obtain a site survey and architectural site inspection of the build-out of the Franchised Business.

7.4 Project Management Fee. Franchisee must pay Franchisor a project management fee ("**Project Management Fee**") of Two Thousand Five Hundred Dollars ($2,500) for Franchisor's assistance with design, service bids, bid process, service management, and a total of two (2) site assistance visits from Franchisor. If Franchisee requires more than two (2) site assistance visits or requires that any site assistance visit last longer than two (2) days, Franchisee will pay Franchisor's then-current fee plus any reasonable travel and living expenses incurred by Franchisor. The Project Management Fee and any additional site assistance fees are due within five (5) days of invoice and are deemed fully earned by Franchisor once paid and are non-refundable.

7.5 Build-Out of Franchised Business. Franchisee must commence and diligently pursue construction or remodeling (as applicable) of the Franchised Business once Franchisor approves the design plans as set forth in Section 7.3. During the time of construction or remodeling, Franchisee shall provide Franchisor with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by Franchisor. In addition, Franchisor may make onsite inspections as it may deem reasonably necessary to evaluate such progress. Franchisee must notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable **time after** the date of completion of construction or remodeling, Franchisor may, at its option, conduct an inspection of the completed Franchised Business. Franchisee acknowledges and agrees that it may not open the Franchised Business for business without the written authorization of Franchisor, and that Franchisor's authorization to open will be conditioned upon Franchisee's strict compliance with this Franchise Agreement.

7.6 Opening Date; Time is of the Essence. Franchisee acknowledges that time is of the essence with respect to all obligations under this Franchise Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within twelve (12) months of the Effective Date, or Franchisor may terminate this Franchise Agreement immediately upon notice to Franchisee, unless Franchisee obtains an extension of such time period from Franchisor in writing. The date the Franchised Business actually opens for business to the public is herein called the "**Opening Date**". If Franchisee fails to comply with any of the obligations set forth in this Section, except for delay caused by a *force majeure* act, Franchisor may prohibit Franchisee from commencing business.

8. FRANCHISOR'S OBLIGATIONS

8.1 Site Selection and Build-Out Assistance. Franchise will provide assistance, as it deems appropriate in its sole discretion, in connection with selecting the Approved Location and constructing and/or building out the Franchised Business, as described more fully in Section 7.

8.2 List of Approved Suppliers and Approved Products. Prior to the opening of the Franchised Business, Franchisor will provide Franchisee with a list of: (i) those items and services that Franchisee is required to purchase in connection with the establishment and operation of the Franchised Business, including specific salon equipment, beauty supplies and other purchases that must be made according to the System Standards and/or from Franchisor's approved/designated suppliers (collectively, the "**Required Purchases**"); and (ii) Franchisor's approved/designated suppliers for these Required Purchases (the "**Approved Suppliers**"). These lists may be contained in the Manual or otherwise provided to Franchisee in writing, and Franchisor may modify or supplement these lists as it deems advisable in its sole discretion.

8.3 Training Programs. Franchisor shall provide the Initial Training Program and any additional/ongoing training as set forth in Section 10 of this Franchise Agreement subject to the availability of Franchisor's training staff, and at Franchisor's sole discretion.

8.4 Ongoing and On-Site Assistance. Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional onsite assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus reasonable expenses, including Franchisor's travel and lodging expenses.

8.5 Advertising Approval; Prescribed Advertising Materials. Franchisor will approve or disapprove any marketing that Franchisee wishes to use to promote and/or advertise the Franchised Business as set forth more fully in Section 9 hereof. In some instances, Franchisor may provide certain advertising materials and promotional campaigns to Franchisee that Franchisee must use in connection with its Franchised Business, as Franchisor deems necessary in its sole discretion. All advertising and promotional items provided, or approved, by Franchisor is Franchisor's proprietary property and must be used in the manner and form prescribed by Franchisor.

8.6 Alternate Supplier Approval. Franchisor will approve or disapprove Franchisee's requests to: (i) purchase and/or offer non-approved products or services in connection with the Franchised Business; and (ii) make Required Purchases from suppliers that are not one of Franchisor's then-current Approved Suppliers.

8.7 Brand Building Fund. Franchisor may, if and as it deems appropriate in its sole discretion, establish the Brand Building Fund, as described more fully in Section 9.3 of this Franchise Agreement. If Franchisor establishes the Brand Building Fund, Franchisor may begin collecting Franchisee's Fund Contribution via EFT as described more fully in Section 3.3.

8.8 Annual Conference. Franchisor may, as it deems necessary in its sole discretion, hold an annual conference at a location to be selected by Franchisor ("**Annual Conference**"). Franchisor shall determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Franchised Business operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to: (i) attend the Annual Conference for up to three (3) days per year; and (ii) pay Franchisor's then-current registration fee for such attendance. The registration fee will be due regardless of whether or not Franchisee attends the Annual Conference. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, and lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use expenditures from the Brand Building Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

8.9 Website. Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by Franchised Business locations, as described more fully in Section 9 of this Franchise Agreement. Franchisee may not establish, register or use any other independent website or splash page on the Internet in connection with the Franchised Business without Franchisor's prior written consent.

8.10 Modification of System. Franchisor may revise, update, supplement or otherwise modify the Manual, System and System Standards.

8.11 Purchasing Arrangements. Franchisor reserves the right to implement a centralized purchasing system for franchisees and negotiate prices and terms with suppliers and to receive rebates from such franchisee purchases. Franchisor may utilize such rebated funds in any manner it chooses.

8.12 Delegation of Performance. Franchisee agrees that Franchisor has the right to delegate any duty or obligation imposed on Franchisor by this Franchise Agreement to a designee of Franchisor, including a third-party designee, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted (1) the performance of any portion or all of Franchisor's obligations under this Franchise Agreement, and (2) any right that Franchisor has under this Franchise Agreement. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Franchise Agreement.

9. ADVERTISING AND MARKETING

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

9.2 Local Advertising. During the term of this Franchise Agreement, Franchisor strongly recommends that Franchisee expend a minimum of Five Hundred Dollars ($500) each quarter in connection with the promotion and advertisement of the Franchised Business within the Protected Territory (the "**Local Advertising Expenditures**"). Franchisee may spend any additional sums Franchisee wishes on local advertising, but Franchisee must use only such advertising and promotional materials that have been previously approved or prescribed by Franchisor. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee shall pay to Franchisor a fee of Five Hundred Dollars ($500) per occurrence of Franchisee's unauthorized advertising, including any unauthorized website or social media created or used by Franchisee. Upon Franchisor's request, Franchisee must submit a report of Franchisee's monthly expenditures on local advertising and marketing on or before the 10th day of each calendar month, along with any invoices or other proof of such expenditures.

9.3 Brand Building Fund. Franchisor reserves the right to establish and administer a Brand Building Fund for the purpose of advertising the System on a regional or national basis. Franchisee agrees to contribute to the Brand Building Fund as described in Section 3.3 of this Franchise Agreement. Franchisee agrees that the Brand Building Fund shall be maintained and administered by Franchisor or its designee as follows:

9.3.1 Franchisor shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Building Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks and enhance the collective success of all Franchised Businesses operating under the System. In administering the Brand Building Fund, Franchisor and its designees undertake no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. Franchisor shall be entitled to reimburse itself from the Brand Building Fund for its reasonable expenses in managing the Brand Building Fund.

9.3.2 Franchisee agrees that the Brand Building Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; in-store or point of purchase marketing materials; public relations activities; employing advertising agencies to assist therein; development and maintenance of Franchisor's website; and costs of Franchisor's personnel and other departmental costs for advertising that is internally administered or prepared by Franchisor). All sums paid by Franchisee to the Brand Building Fund shall be maintained in a separate account by Franchisor and may be used to defray Franchisor's expenses, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Brand Building Fund and advertising programs for franchisees and the System. The Brand Building Fund and its earnings shall not otherwise inure to the benefit of Franchisor. The Brand

Building Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above. Franchisor will not use the Brand Building Fund contributions for advertising that is principally a solicitation for the sale of franchises, but Franchisor reserves the right to include a notation in any advertisement or website indicating "**Franchises Available**" or similar phrasing.

9.3.3 A statement of the operations of the Brand Building Fund will be prepared annually by Franchisor and shall be made available to Franchisee upon Franchisee's written request. This statement of operations may be unaudited, but Franchisor reserves the right to use the Fund Contributions to engage an accountant to audit the financial statements of the Brand Building Fund.

9.3.4 Any monies remaining in the Brand Building Fund at the end of any year will carry over to the next year. Although the Brand Building Fund is intended to be of perpetual duration, Franchisor may terminate the Brand Building Fund. The Brand Building Fund will not be terminated, however, until all monies in the Brand Building Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses or those operated by Franchisor, without interest, on the basis of their respective contributions.

9.3.5 If Franchisor elects to terminate the Brand Building Fund, Franchisor may, in its sole discretion, reinstate the Brand Building Fund at any time. If Franchisor so chooses to reinstate the Brand Building Fund, the reinstated Brand Building Fund shall be operated as described herein.

9.4 Advertising Cooperatives. Franchisor may, in its discretion, create a regional advertising cooperative in any geographic area, or Franchisor may approve the creation of such an advertising cooperative by franchisees in the System, and establish the rules and regulations therefor (each, a "**Cooperative**"). Immediately upon Franchisor's request, the Franchisee must become a member of the Cooperative for the area in which some or all of the Protected Territory is located. In no event may the Franchised Business be required to be a member of more than one (1) Cooperative. The Cooperative must be governed in the manner prescribed by Franchisor. The Cooperative may require each of its members to make contributions thereto, but these contributions will be credited towards Franchisee's Local Advertising Expenditures. Franchisee shall contribute such amounts at the times and in the manner as determined by the Cooperative members provided that such contributions shall not require a contribution that exceeds Three Hundred Dollars ($300) per month.

9.5 Conduct of Advertising; Franchisor's Approval. All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee must obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the three months prior to their proposed use. Franchisee shall submit such unapproved plans and materials to Franchisor at least twenty (20) days prior to the intended date of use, and Franchisor shall have fifteen (15) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within the fifteen (15) day period, the proposed materials are deemed not approved. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Franchisee shall not advertise or use the Proprietary Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without the express written consent of Franchisor. Franchisor may revoke it approval of any previously-approved advertising or marketing materials proposed by Franchisee, and Franchisee must cease use of such materials upon receiving notice of revocation from Franchisor. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, "**Franchises Available**" and reference to Franchisor's telephone number and/or website.

9.6 Grand Opening Advertising. In addition to the ongoing advertising contributions set forth herein, Franchisee shall be required to spend Ten Thousand Dollars ($10,000) on a grand opening advertising campaign to advertise the opening of the Franchised Business. The grand opening advertising campaign shall be conducted in the ninety (90) day period comprising forty-five (45) days prior to, and forty five (45) days following, the grand opening of the Franchised Business. All advertisements proposed to be used in the grand opening advertising campaign are subject to Franchisor's review and approval in the manner set forth in this Section 9.

9.7 Websites and Social Media. As used in this Franchise Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

9.7.1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, Franchised Businesses and any or all of the products offered at these salons, the franchising of Franchised Businesses and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue operation of the Website.

9.7.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) 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 refuse to post and/or discontinue posting any content and/or the operation of any web page.

9.7.3 Franchisee shall not establish a separate Website without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "**advertising**" under this Franchise Agreement, and will be subject to (among other things) Franchisor's approval under this Section 9.

9.7.4 Franchisee shall not promote or otherwise list its Franchised Business or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, MySpace, LinkedIn, Plaxo, Twitter or YouTube, without Franchisor's prior written consent.

9.7.5 Franchisor shall have the right to modify the provisions of this Section 9.7 relating to Websites and social media, as Franchisor shall solely determine is necessary or appropriate. Franchisor may update these provisions through the Manual or otherwise in writing.

10. TRAINING

10.1 Initial Training Program. Franchisee, as well as any individual Franchisee designated to manage the day-to-day operations of the Franchised Business (the "**Designated Manager**"), must attend, and complete to Franchisor's satisfaction, Franchisor's initial training program (the "**Initial Training Program**") within sixty (60) days of the Effective Date. If Franchisee is a partnership, corporation or limited liability company ("**Entity**"), at least one (1) of the trainees must be Franchisee's general partner, principal shareholder or manager, as applicable. Franchisor will provide the Initial Training Program to this individual and an additional individual tuition-free. All trainees that Franchisee designates prior to opening must attend the Initial Training Program at the same time. The Initial Training Program will be conducted

at Franchisor's then-current training facility or other location Franchisor designates. Franchisor may provide certain components of the Initial Training Program by webinar or otherwise via the Internet, as Franchisor deems appropriate in its sole discretion. All training related expenses, including Franchisee and other trainees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

10.1.1 *Replacement Personnel.* In the event Franchisee or Designated Manager fails to complete the Initial Training Program to Franchisor's satisfaction, that person may repeat the course or, in the case of an employee, Franchisee may send a replacement (collectively, the "**Replacement Personnel**") to the next available training session. Franchisor may charge its then-current training tuition fee for Franchisee to re-attend, or have Replacement Personnel attend, the Initial Training Program. Failure by Franchisee, an employee or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Franchise Agreement shall constitute default of this Franchise Agreement and Franchisor may terminate the Franchise Agreement.

10.1.2 *Additional Employees.* In the event Franchisee wishes for more than one (1) additional person to participate in the Initial Training Program (other than Franchisee or Franchisee's partner, principal shareholder or manager or Designated Manager), Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel. Franchisee will be required to pay Franchisor Two Thousand Dollars ($2,000) for each additional person who attends the Initial Training Program. In addition, all training related expenses for Franchisee's additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

10.1.3 *Training Materials.* Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's Affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel.

10.1.4 *Training Instructors.* Franchisor has the right to substitute certain instructors of, or other personnel involved with, the Initial Training Program with other individuals that have similar experience with the System or have otherwise been properly trained by Franchisor's personnel to be an Initial Training Program instructor.

10.1.5 *Failure to Complete Initial Training Program.* In the event Franchisee or its Designated Manager fail to complete the Initial Training Program within the prescribed time period, Franchisor may terminate this Franchise Agreement immediately upon notice to Franchisee and Franchisee is not entitled to any refund of the Initial Franchise Fee or other expenses incurred with the Initial Training Program.

10.2 Staff Training; Staffing Requirement. Franchisee's employees that Franchisor does not require to attend the Initial Training Program as set forth in Section 10.1 shall be trained by Franchisee, or its owner or Designated Manager that has successfully completed the Initial Training Program to Franchisor's satisfaction. The training of regular employees must be completed prior to the opening of the Franchised Business for those who are employed initially by Franchisee, and prior to the employee commencing its duties for those hired by Franchisee after the opening of the Franchised Business. Franchisee's Designated Manager shall have the skill level, training and experience commensurate with the demands of the position. At all times during the term of this Franchise Agreement, Franchisee shall employ an adequate staff of employees working at the Franchised Business who shall have been fully and adequately trained, in

Franchisor's judgment, and all such employees shall have completed all training certification(s) required by any governmental authority and applicable law.

10.3 Additional Training. To assist Franchisee in the operation of the Franchised Business, Franchisor may offer, and require Franchisee and other personnel Franchisor designates to attend, additional training programs and/or refresher courses, as Franchisor deems necessary. Franchisor may require Franchisee and its Designated Manager (if applicable) to attend up to two (2) days of additional training under this Section each year, and Franchisee will be required to pay Franchisor's training tuition fee for such additional training upon Franchisor's request. If such training is conducted at the Approved Location, Franchisee shall also be required to pay Franchisor's reasonable travel and accommodation expenses.

10.4 Costs and Expenses. With respect to all training described in this Section, Franchisee is solely responsible for the expenses of Franchisee, Franchisee's management, and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries, incurred in attending and completing such training.

11. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

11.1 Bookkeeping. Franchisee must maintain, for at least five (5) fiscal years from their preparation, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and any other standard accounting procedures designated by Franchisor.

11.2 Reporting. Upon Franchisor's request, Franchisee agrees to submit the following information and reports to Franchisor in a form Franchisor periodically prescribes (which may include computer diskette, electronic mail and/or facsimile transmission) and consistent with generally accepted accounting principles and the System Standards:

11.2.1 within thirty (30) days after the end of each calendar quarter, a balance sheet, income statement and profit and loss statement for that quarter and Franchisee's fiscal year to date;

11.2.2 within sixty (60) days after the end of Franchisee's fiscal year, a balance sheet, income statement and statement of cash flow of the Franchised Business for that fiscal year, prepared in accordance with generally accepted accounting principles consistently applied and in the format Franchisor periodically prescribes; and

11.2.3 any other data, information and supporting records that Franchisor designates, including any and all reports set forth in the Manual.

Any quarterly and annual financial information that Franchisee submits must be certified as correct by Franchisee or, if Franchisee is an Entity, by one (1) of Franchisee's principal officers. If Franchisee fails to submit any required report, including Gross Revenue reports required under Section 3.4 or required financial statements under Section 11.2, when due, Franchisor may charge Franchisee One Hundred Dollars ($100) per occurrence and One Hundred Dollars ($100) per week until the report or financial report is submitted, and Franchisor may debit Franchisee's bank account for these amounts. Franchisor may require that any quarterly or annual financial reports be audited at Franchisee's expense if Franchisor previously conducts an audit that revealed Franchisee was underreporting in any manner. Franchisee's fiscal year shall be the calendar year, unless Franchisee obtains Franchisor's prior written consent to have a different fiscal year end. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense.

11.3 Tax Returns and Fiscal Year. In addition to the information and materials set forth in Section 11.2, Franchisee agrees to maintain, and furnish to Franchisor complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, worker's compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business, on or before April 15th of each year for the preceding fiscal year. Franchisee's fiscal year must be on a calendar year ending on December 31st and commencing on January 1st of each year.

11.4 Right to Disclose Information. Franchisor has the right to disclose data derived from the reports Franchisee furnishes without identifying Franchisee or the location of the Franchised Business.

11.5 Right to Inspect and Conduct Audit. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Franchise Agreement and the Manual. If any audit reveals that Franchisee has understated Franchisee's royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside attorneys and independent certified public accountant(s) (to the extent Franchisor incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Franchise Agreement.

12. FRANCHISEE'S OBLIGATIONS AND DUTIES

12.1 Best Efforts and Promote Integrity of the System. Franchisee must use best efforts to promote and increase the demand for the authorized products and services offered by the Franchised Business within the Protected Territory, and otherwise devote its best efforts to the operation of the Franchised Business. Franchisee covenants to deal fairly and honestly with all customers and Franchisor, and that all of Franchisee's advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice that may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

12.2 Operations.

12.2.1 *Hours of Operation.* Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Manual or otherwise in writing.

12.2.2 *Maintenance of Premises.* Franchisee must maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Franchise Agreement and the Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business in order to preserve, maintain and enhance the reputation and goodwill of the System.

12.2.3 *Staffing.* If required, Franchisee must hire and supervise efficient, competent, and courteous persons as Franchisee's employees for the operation of the Franchised Business and set and pay their wages and incentives with no liability on Franchisor. Franchisee must require its employees to work and abide by the Manual. Franchisee understands and acknowledges it is Franchisee's responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Franchised Business

and meet Franchisee's obligations under this Franchise Agreement. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed Franchisor's employers or subject to Franchisor's control. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee alone is responsible for all employment decisions and functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisor will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and Franchisee agrees to indemnify Franchisor for any such liabilities Franchisor incurs.

12.2.4 *Compliance with Manual and Training of Employees.* Franchisee agrees to conduct the Franchised Business in accordance with the Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with this Franchise Agreement and the Manual, and shall continue such training and instruction as long as each employee is employed. Any required standards exist to protect Franchisor's interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The required standards generally will be set forth in the Manual or other written materials. The Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In other instances, no suitable alternative may exist. In order to protect Franchisor's interests in the System and Marks, Franchisor reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

12.2.5 *Management Participation and Designated Manager.* Franchisee (or at least one of Franchisee's principals if Franchisee is an Entity) must personally supervise the day-to-day operations of the Franchised Business. Franchisee (or at least one (1) of Franchisee's principals if Franchisee is an Entity) must devote Franchisee's best efforts to the management and operation of the Franchised Business and ensure that customers have access to the Franchised Business at all days and times set forth in the Manual. Franchisee may, however, delegate the day-to-day operation of the Franchised Business to a Designated Manager; provided the Designated Manager: (i) is approved by Franchisor in writing prior to hiring; and (ii) successfully completes Franchisor's initial training program before assuming any managerial responsibility. Franchisee's Franchised Business must, at all times, be staffed with at least one individual who has successfully completed Franchisor's Initial Training Program. In the event that Franchisee operates more than one (1) Franchised Business franchise, Franchisee shall have a properly trained Designated Manager who has been approved by Franchisor at each location. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of a Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, Franchisee shall hire a replacement approved of in writing by Franchisor who meets Franchisor's then current standards for Designated Managers within thirty (30) days after termination or resignation of the prior Designated Manager. Franchisee must train the new Designated Manager within thirty (30) days of hiring. Franchisor reserves the right, without the obligation to train the new Designated Manager directly. Any Designated Manager(s) shall devote full time and best efforts to the day-to-day operation and management of the Franchised Business, and must not engage in any other business activity without Franchisor's prior written consent.

12.2.6 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's

duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

12.2.7 *Inventory.* Franchisee must at all times maintain sufficient equipment and levels of inventory and supplies as required by Franchisor to adequately meet consumer demand and operate the Franchised Business at maximum capacity and efficiency.

12.2.8 *Mystery Shopper.* To ensure uniformity and compliance with the System, Franchisor may send a mystery shopper or similar third party to the Franchised Business. Franchisor may, but is not obligated to, share the results of the mystery shopper with Franchisee.

12.3 Purchasing Requirements and Sources of Supply.

12.3.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Franchise Agreement and the Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Franchise Agreement and the Manual and any revisions or amendments to same. Franchisee shall use signs, furnishings, supplies, fixtures, equipment, inventory and printing services that comply with Franchisor's then-current standards and specifications, which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

12.3.2 *Designated and Approved Suppliers.* Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase certain inventory and services, as well as certain signs, furnishings, supplies, fixtures, computer hardware and software, and other equipment from Franchisor or from another Approved Supplier that Franchisor designates in the Manual or otherwise in writing (each an "**Approved Supplier**"). Franchisee hereby acknowledges that Franchisor, Franchisor's Affiliate and/or any other third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's Affiliates have the right to realize a profit on any products or services that Franchisor, Franchisor's Affiliates or Franchisor's Approved Suppliers supply and/or provide to Franchisee.

12.3.3 *Unapproved Item and/or Alternate Supplier Approval.* In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently

approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within 30 days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves of must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

12.4 Authorized Products and Services. Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory as specified in the Manual, to adequately satisfy consumer demand.

12.5 Premises Inspection. Franchisee agrees that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor during business hours, to inspect the Franchised Business, confer with Franchisee and Franchisee's employees and customers, check inventories, methods and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the Franchise system and Franchisee's performance under this Franchise Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Except as otherwise provided in this Franchise Agreement, Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

12.6 Computer Software and Hardware.

12.6.1 *Computer System and Required Software.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of computer hardware and software that Franchisee must use in connection with the Franchised Business, including without limitation (i) a laptop or other computer that meets Franchisor's then-current specifications and is capable of running accounting software such as QuickBooks and/or tenant scheduling software; (ii) a customized point of sale system ("**POS System**"), in the event Franchisor makes such a POS System part of its proprietary operating system in the future; (iii) printers and other peripheral hardware/devices; and (iv) equipment necessary to maintain a physical, electronic or other security system for the Approved Location and Franchised Business that Franchisor may designate (collectively, the "**Computer System**"). Franchisor may also require Franchisee to use designated software in connection with the Computer System and Franchised Business (the "**Required Software**"), as well as the type of tangible media and/or database structure to use part of the Computer System. Franchisor reserves the right to charge Franchisee a monthly fee for any custom or proprietary software for use in the Franchised Business. In the event Franchisee already has computer hardware and/or software that meets the System Standards for a Computer System and/or Required Software, then Franchisor may allow Franchisee to use its existing equipment/software in connection with the Franchised Business.

12.6.2 *Compliance with Requirements.* At Franchisor's request, Franchisee will purchase or lease, and thereafter maintain, the Computer System and, if applicable, any Required Software at Franchisee's sole expense. Franchisee expressly agrees to strictly comply with the System Standards for all items associated with the Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing.

12.6.3 *Internet and Franchisor's Access.* Franchise must take whatever steps necessary to ensure that the Franchised Business has an accessible Wi-Fi internet access that can be used by Franchisee's clientele, and must do so at Franchisee's sole expense. Franchisor may require: (i) Franchisee to comply with its standards and specifications for Internet access and speed; and (ii) that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor will also have the right to, at any time without notice, electronically and independently connect with the Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on any component of the Computer System. At Franchisor's request, Franchisee shall deliver to Franchisor all access codes, static internet protocol ("**IP**") addresses and other information to facilitate Franchisor's access to the data described in this Section within thirty (30) days of opening the Franchised Business.

12.6.4 *Proprietary Software.* Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the "**Proprietary Software**"). Any Proprietary Software, if developed, will be Franchisor's proprietary product and the information collected will be deemed Franchisor's Confidential Information.

12.6.5 *Area Computer Network.* Upon Franchisor's request, Franchisee will be required to participate in any System-wide area computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Franchise Agreement to Franchisor on-line; (ii) view and print portions of the Manual, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and (iv) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Manual, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

12.6.6 *E-mail Address.* Franchisee agrees that it will only use the e-mail address provided by Franchisor in connection with the Franchised Business, and that Franchisee will not use such email address for any other purpose.

12.7 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

12.8 Telephone Number. Franchisee must obtain its own local telephone number for use in connection with the Franchised Business, which must be listed under the Proprietary Mark "**My Salon Suite**" or "**Salon Plaza**" as applicable or other listing designated by Franchisor when displayed in any traditional or

electronic directory. This telephone number must be used exclusively in connection with Franchisee's operation of the Franchised Business. Any telephone listing Franchisee has in any directory must be approved by Franchisor prior to publication. Upon the expiration, transfer or termination of this Franchise Agreement for any reason, Franchisee must cease all such use of such telephone number(s) and listings, at Franchisor's option, listing(s) and assign same to Franchisor or Franchisor's designee.

12.9 Payment of Debts. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between suppliers and franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

12.10 Compliance with Applicable Laws. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to commercial leasing and hair salon operations and the products and services provided by the Franchised Business, occupational hazards and health, trademark and copyright infringement, consumer protection, trade regulation, worker's compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Franchised Business). Franchisee must also obtain and maintain all permits, licenses, and registrations required for the lawful operation of the Franchised Business and comply with all health and safety codes.

12.11 Trade Secrets and Confidential Information. Franchisee must maintain the confidentiality of all Franchisor's proprietary and Confidential Information as set forth in this Franchise Agreement.

12.12 Image. Franchisee agrees to offer all Franchisor's authorized products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a Franchised Business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationary and other products bearing the Proprietary Marks that Franchisor designates or approves.

12.13 Pending Actions. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

12.14 Remodeling/Updating Franchised Business Premises. To assure the continued success of the Franchised Location, Franchisee must, upon the request of Franchisor, remodel and/or redecorate

the premises of the Franchised Business, which may include equipment, signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Franchised Business, to the System Standards. Franchisor agrees that it shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Franchise Agreement, except that if the Franchised Business or Franchisee is transferred pursuant to Section 16, in which case Franchisor may request that the transferee remodel and/or redecorate the Franchised Business premises as described herein.

12.15 Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor within two days of its receipt thereof, a copy of all health inspection reports and any violation or citation which indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the Franchised Business. Franchisee's failure to cure such violations within twenty four (24) hours shall constitute grounds for immediate termination under the Franchise Agreement.

12.16 Customer Service and Warranty. Franchisee and its employees shall be prompt, courteous, honest and respectful to all customers and prospective customers, and must adhere to Franchisor's customer service procedures as set forth in the Manual or otherwise in writing. In the event there is a consumer complaint, Franchisee must answer and schedule a response to the complaint within forty eight (48) hours of its receipt of the complaint. If a complaint is filed with the Better Business Bureau, Franchisee must respond appropriately within twenty four (24) hours. Franchisee must provide Franchisor with a copy of Franchisee's response to either type of complaint, which must be sent to Franchisor within twenty four (24) hours of sending such response. Franchisee acknowledges and agrees that it will honor, and provide the services dictated by, the warranty programs established by Franchisor as part of the System. Franchisor may in Franchisor's discretion provide a refund or other value to customers of the Franchised Business, in which event Franchisee must reimburse Franchisor for Franchisor's reasonable cost incurred in responding to the customer complaint.

12.17 Compliance with Lease and Other Agreements. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Franchised Business, and shall promptly furnish Franchisor a copy of its lease upon request. Franchisee shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Approved Location.

12.18 Changes to the System. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee, including any intellectual property rights thereto.

12.19 Use of Proper Lease/Sublease Agreements and Compliance with All Relevant Laws. Franchisee is solely responsible for preparing a form of lease or sublease (whichever is appropriate) for use in connection with leasing/subleasing the individual suites in the Franchised Business facility to third-parties, and is solely responsible for ensuring that the form of lease/sublease used fully complies with all landlord-tenant, real estate, leasing and other applicable laws. If required by the lessor of the Approved Location, Franchisee must timely submit the form of sublease to the landlord for approval and otherwise comply with any of landlord's requirements with respect to subleasing portions of the Approved Location

facility to third parties. Franchisor may provide Franchisee with its then-current form of "**template**" lease/sublease for reference purposes only, but Franchisee will be solely responsible for modifying any such form of lease/sublease to ensure that it complies with this Section. Franchisor's provision of such documents, if Franchisor determines to do so in its sole discretion, is not a representation, warranty or guaranty that such documents comply with the applicable laws discussed in this Section. Franchisee is strongly encouraged to engage independent legal counsel to assist in preparing a form of lease/sublease that complies with this Section.

12.20 Insurance. Franchisee must procure and maintain, at its sole expense, such insurance covering the operation and location of the Franchised Business as Franchisor may designate from time to time from Franchisor's designated supplier for such insurance. Franchisee must procure the insurance Franchisor then requires for the establishment and operation of a Franchised Business as designated in the Manual or otherwise in writing by Franchisor at least twenty (20) days prior to opening the Franchised Business or upon signing a lease agreement for the premises of the Franchised Business, whichever comes first. All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A or better as reported in the most recent edition of A.M. Best's Insurance Reports. Franchisor's approval of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Franchisee Location or by any of Franchisee's lenders or equipment lessors and such workers compensation insurance as may be required by applicable law. Franchisee, at its sole expense, shall add Franchisor and any other parties Franchisor may designate to all insurance contracts as additional insureds under the insurance policies (except Worker's Compensation Insurance). All insurance policies will contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty four (24) hours. Franchisee has a twenty four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance that demonstrates compliance with this Section. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and an administrative fee equal to twenty percent (20%) of the premium cost incurred in connection with Franchisor obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

13. CONFIDENTIALITY AND COVENANTS AGAINST COMPETITION

13.1 Confidentiality.

13.1.1 *Nondisclosure.* During the term of this Franchise Agreement, Franchisee will receive information which Franchisor considers a Trade Secret and Confidential Information, including but not limited to: the Manual, Franchisor's proprietary training, marketing and other instructional materials, Trade Secrets, information related to any proprietary methodology or aspects of the System or the establishments and continued operation of the Franchised Business, financial information, supplier and vendor prices and matrices, and any and all clientele lists and data obtained through the operation of the Franchised Business (collectively, the "**Confidential Information**"). Franchisee shall not, during the term of this Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or Entity, any Confidential Information including, without limitation, Trade Secrets, copyrighted materials, as well as any methods and other techniques and know-how concerning the operation of the Franchised Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's

operation of the Franchised Business. Franchisee may divulge such Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Franchise Agreement, but Franchisor is not required to expressly designate certain material as confidential in order for it to be considered Confidential Information if the material is, by its very nature, proprietary and confidential. Upon termination or expiration of this Franchise Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately, and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with the System Standards.

13.1.2 *Employees.* Franchisee must require all of Franchisee's officers, directors, managers and other employees to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business premises. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Non-Competition Agreement attached to the franchise disclosure document. These agreements must include, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with independent rights to enforce them.

13.2 Non-Competition

13.2.1 *In-Term.* Franchisee specifically acknowledges that, pursuant to this Franchise Agreement, Franchisee and its owners and personnel will receive valuable training, Trade Secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond the present skills and experience of Franchisee, its principals and Franchisee's managers and employees. Franchisee acknowledges that such specialized training, Trade Secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, Trade Secrets and confidential information is, therefore, a primary reason why they are entering into this Franchise Agreement. In consideration for receiving such specialized training, Trade Secrets and Confidential Information and being granted the right to operate the Franchised Business utilizing the System and Proprietary Marks, Franchisee covenants that, during the term of this Franchise Agreement, neither Franchisee nor any of its owners, principals, shareholders, members or partners (as applicable) shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), Entity:

13.2.1.1 Divert, or attempt to divert, any business or customer of the Franchised Business 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 Proprietary Marks and the System.

13.2.1.2 Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business that: (i) is the same as, or substantially similar to the Franchised Business; (ii) engages in the rental of salon studio spaces or that offers or provides any of the other products/services that are offered by the Franchised Business; or (iii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more businesses that engage in the rental of salon studio spaces or that offer or provide any of the other products/services that are offered by the Franchised Business (collectively, a "**Competing Business**"); provided, however, that this Section does not apply to Franchisee's operation of a Franchised Business, of the same type that Franchisee has been granted the right to operate under **Attachment A**, pursuant to a valid franchise agreement with Franchisor. As used in this Franchise Agreement, Competing Business includes a "**My Salon Suite**" business if Franchisee is a "**Salon Plaza**" franchisee and a "**Salon Plaza**"

business if Franchisee is a "**My Salon Suite**" franchisee, unless, in either instance, Franchisee has signed a franchise agreement with Franchisor to own and operate such a branded Franchised Business.

13.2.2 *Post-Term.* For a continuous uninterrupted period of two (2) years commencing upon the expiration or termination of, or transfer of all of Franchisee's interest in, this Franchise Agreement, neither Franchisee, nor any of its owners/principals/members/partners (as applicable), may directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s) or Entity:

13.2.2.1 Franchising or Licensing Activities. Be involved with any business competing in whole or in part with Franchisor in granting franchises or licensing, or establishing joint ventures, for one or more businesses that engage in the rental of salon studio spaces or that offer or provide any of the other products/services that are offered by the Franchised Business;

13.2.2.2 Other Competing Businesses. Own, maintain, engage in, have any interest in, or be employed as an officer, director, executive, or principal of any other Competing Business within the following areas: (i) at the location of the Franchised Business; (ii) within the Protected Territory; (iii) within a radius of 20 miles of the perimeter of the Protected Territory granted hereunder; or (iv) within a radius of 20 miles of the perimeter of any other protected territory licensed by Franchisor to any third party or any Franchised Business that is in operation or under development, as of the date of expiration, transfer or termination of this Franchise Agreement through the date of Franchisee's involvement in the Competing Business;

13.2.2.3 Supplier Usage. Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or

13.2.2.4 Employee Solicitation. Solicit any of Franchisor's employees, or the employees of Franchisor's Affiliates, or any other System franchisee to discontinue employment.

13.3 Acknowledgement. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Franchise 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 and the Controlling Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

13.3.1 Franchisee understands and acknowledges that Franchisor shall have the right, in its sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 13, or any portion thereof, without Franchisee's consent, effective immediately upon notice to Franchisee. Franchisee further agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding any other provision of this Section.

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

13.3.3 Sections 13.2.1 and 13.2.2 of this Franchise Agreement shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

13.4 Non-Compete Agreements from Certain Personnel. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 13 (including covenants applicable upon the termination of a person's employment with Franchisee) from its Designated Manager (if permitted by Franchisor) and all other personnel of Franchisee who have received or will have access to training from Franchisor. Such covenants shall be substantially in the form set forth in the franchise disclosure document. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in the agreement attached to the franchise disclosure document, or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section.

13.5 Enforcement. Franchisee acknowledges that any failure to comply with the requirements of this Section shall constitute a material event of default under this Franchise Agreement. Franchisee further acknowledges that a 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 an injunction prohibiting any conduct by Franchisee (or other restricted parties) in violation of the terms of this Section. Franchisee must pay all court costs and reasonable attorney fees incurred by Franchisor in connection with the enforcement of this Section 13, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

14. TERMINATION

14.1 Automatic Termination. This Franchise Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

14.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

14.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

14.1.3 *Unauthorized Transfer.* Franchisee purports to sell, transfer or otherwise dispose of Franchise or any interest in the franchise business in violation of Section 16 hereof.

14.2 With Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Franchise Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

14.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business or that Franchisor believes, in its sole discretion, is likely to have an adverse effect on the Proprietary Marks or the goodwill associated therewith.

14.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not limited to, any misrepresentation made in Franchisee's franchise application.

14.2.3 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of Franchisee's receipt of written notice of a breach under this Section.

14.2.4 *Misrepresentation.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

14.2.5 *Failure to Complete Training or Attend Annual Conference.* If Franchisee fails to: (a) complete the Initial Training Program; or (b) attend the Annual Conference as required under this Franchise Agreement, unless excused by prior written consent of Franchisor.

14.2.6 *Repeated Breaches.* If Franchisor sends Franchisee three or more written notices to cure pursuant to Sections 14.3 or 14.4 hereof in any 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.

14.2.7 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's Affiliates, or threaten any material breach of any such agreement, or any lease for the Approved Location, and fails to cure such breach within any permitted period for cure.

14.2.8 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

14.2.9 *Violation of Law.* If Franchisee violates any law, ordinance or regulation in the operation of the Franchised Business, including the leasing of any space to a third party at the Approved Location, or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

14.2.10 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in Section 13.2.1 or any of the other restrictive covenants set forth in this Franchise Agreement.

14.2.11 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

14.2.12 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

14.2.13 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Franchise Agreement and shall apply in any event Franchisee fails to: (i) operate the Franchised Business and actively lease portions of the facility at the Approved Location for a period of five or more consecutive days without Franchisor's prior written approval; (ii) submit the required Gross Revenues Reports for three consecutive reporting periods.

14.2.14 *Unauthorized Products or Services.* If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Business.

14.2.15 *Unapproved Purchases.* Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

14.2.16 *Proprietary Software.* Franchisee misuses or makes unauthorized use of any Proprietary Software Franchisor may develop for use in connection with the System.

14.2.17 *Insurance.* Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the insurance requirements under this Franchise Agreement and the Manual.

14.2.18 *Government Regulations.* Franchisee fails, within 15 calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business.

14.2.19 *Government Actions.* Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

14.2.20 *Personal Use of Franchised Business Property.* If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

14.2.21 *Insufficient Funds.* If there are insufficient funds in the bank account(s) Franchisee authorized Franchisor to make withdrawals from in connection with paying the required amounts under this Franchise Agreement three or more times within any twelve (12) month period.

14.3 Upon 15 Days' Notice to Cure. Franchisor has the right to terminate this Franchise Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and 15 days to cure:

14.3.1 *Nonpayment.* If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's Affiliates, or any of Franchisor's system suppliers or vendors.

14.3.2 *Endorsement of Checks.* Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

14.3.3 *Failure to Maintain Sufficient Inventory Level.* If Franchisee fails to maintain sufficient levels of inventory to adequately meet consumer demand.

14.3.4 *Failure to Open.* If Franchisee fails to commence operations of Franchisee's Franchised Business within the time prescribed in this Franchise Agreement.

14.3.5 *Interruption of Service.* If Franchisee fails to maintain the prescribed months, days or hours of operation at the Franchised Business, unless such failure constitutes abandonment under Section 14.2.13 of this Franchise Agreement.

14.3.6 *Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel.* If Franchisee or Franchisee's Designated Manager fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Business or fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time.

14.3.7 *Quality Control.* If Franchisee fails to maintain the strict quality controls reasonably required by this Franchise Agreement and/or the Manual.

14.3.8 *Licenses and Permits.* Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Franchised Business.

14.4 Upon 30 Days' Notice to Cure. Franchisor has the right to terminate this Franchise Agreement if Franchisee fails to perform or comply with any other term or condition of this Franchise Agreement, or any ancillary agreements between Franchisee and Franchisor or Franchisor's Affiliates, if Franchisee fails to cure such default(s) within 30 days after being provided with notice thereof.

14.5 Step In Rights. In addition to Franchisor's right to terminate this Franchise Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Franchise Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of Franchisee's Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

14.6 Non-waiver. Franchisor's delay in exercising or failing to exercise any right or remedy under this Franchise Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

14.7 Cross Default. If there are now, or hereafter shall be, other franchise agreements in effect between Franchisor and Franchisee, a default by Franchisee under the terms and conditions of this or any other of such agreements, shall at the option of Franchisor, constitute a default under all such agreements.

14.8 Termination by Franchisee. If Franchisee and Franchisee's owners are in full compliance with this Franchise Agreement, and Franchisor materially fails to comply with this Franchise Agreement and Franchisor does not correct the failure within thirty (30) days after Franchisee delivers notice of the material failure to Franchisor or, if Franchisor cannot correct the failure within thirty (30) days, give Franchisee, within thirty (30) days after Franchisee's notice, reasonable evidence of Franchisor's effort to correct the failure within a reasonable time, Franchisee may terminate this Franchise Agreement effective an additional thirty (30) days after Franchisee delivers to Franchisor written notice of termination. Franchisee's termination of this Franchise Agreement other than according to this Section 14.8 will be deemed a termination without cause and a breach of this Franchise Agreement.

15. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations. Upon termination of this Franchise Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Franchise Agreement, Franchisee must, at Franchisee's cost and expense:

15.1.1 Immediately cease all operations of the Franchised Business under this Franchise Agreement;

15.1.2 Pay Franchisor immediately all unpaid fees and pay Franchisor, Franchisor's Affiliates, Franchisor's approved suppliers and vendors, all other monies owed;

15.1.3 Discontinue immediately the use of the Proprietary Marks, including any use of the Proprietary Marks on any vehicle(s) used in connection with the Franchised Business, and provide Franchisor with proof of de-identification of such vehicles and the Franchised Business within 15 calendar days of the termination/expiration of this Franchise Agreement;

15.1.4 Return the Manual and any other Proprietary Materials and Confidential Information, including without limitation all former and existing clientele and customer leases, agreements, future leasing arrangements that have been made (and corresponding schedules) and all other clientele/customer data and lists, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

15.1.5 Franchisee acknowledges that all telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively "**Identifiers**") used in the operation of the Franchised Business constitute Franchisor's assets, and upon termination or expiration of this Franchise Agreement, Franchisee will take such action within five (5) days to cancel or assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at Franchisor's direction. Franchisee agrees to take all action required to cancel all assumed names or equivalent registrations related to Franchisee's use of the Marks. Franchisee acknowledges that, Franchisor has the sole rights to, and interest in, all Identifiers used by Franchisee to promote the Franchised Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company, postal service, registrar, Internet service provider, listing agency, website operator, or any other third party to transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by Franchisor pursuant to this Franchise Agreement as conclusive evidence of Franchisor's rights to the Identifiers and Franchisor's authority to direct their transfer.

15.1.6 Immediately vacate the Franchised Business premises and, if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease, arrange for transfer of the lease for the Approved Location to Franchisor within fifteen 15 calendar days of termination or expiration of this Franchise Agreement. In the event Franchisor provides proper notice that it is assuming the lease for the Approved Location, Franchisee must make sure to pay any outstanding amounts due the landlord in connection with the leasing of the Approved Location prior to the Franchisor assuming Franchisee's obligations under such lease;

15.1.7 Surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System no later than fifteen 15 calendar days after the termination or expiration of this Franchise Agreement;

15.1.8 Cease to hold itself out as Franchisor's franchisee immediately;

15.1.9 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen 15 calendar days after the termination, expiration or transfer of this Franchise Agreement;

15.1.10 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one month of the effective date of termination, expiration, or transfer;

15.1.11 Comply with the post-termination covenants set forth in Section 13 hereof, all of which shall survive the transfer, termination or expiration of this Franchise Agreement;

15.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

15.1.13 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 15.

15.2 Option to Purchase Personal Property. Upon the termination or expiration of this Franchise Agreement, Franchisor, or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Franchised Business by providing Franchisee written notice of Franchisor's election within 60 calendar days after such termination or expiration and paying Franchisee the fair value for such personal property within 60 calendar days of such notice. If Franchisee and Franchisor cannot agree on fair market value within a reasonable time, an independent appraiser will be designated by Franchisee and Franchisor and an average of the two appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and business system licensed to Franchisee. Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Franchise Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

15.3 Exclusions. Franchisor may exclude any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the operation of the Franchised Business, or that Franchisor has not approved as meeting standards for the Franchised Business, from the personal property purchased under 15.2.

15.4 Damages, Costs, and Expenses. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorney fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

16. SALE OR TRANSFER

16.1 Transfer. Franchisee's rights under this Franchise Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the franchise business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Franchise Agreement to termination as specified herein.

16.2 Death or Disability.

16.2.1 *Representative's Right to Continue as Franchisee.* In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors, Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Franchised Business as franchisee under this Franchise Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the "**90 Day Period**"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any Entity, franchisee's obligations to Franchisor and Franchisor's Affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Franchise Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

16.2.2 *Franchised Business Operation During and After 90 Day Period.* Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously-approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any Affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of Franchisee's Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's Franchised Business.

16.3 Ownership Changes. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning any portion of the Entity will be required to personally guarantee Franchisee's obligations under this Franchise Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 16.4 below.

16.4 Right of First Refusal. If Franchisee proposes to transfer either this Franchise Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than an Entity as set forth in this Section 16, Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("**Letter of Intent**"). If Franchisor elects not to accept the offer within a 30 day period, Franchisee shall have a period not to exceed 60 days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 16.5). Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

16.5 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the franchise business or of Franchisee's interest in this Franchise Agreement upon satisfaction of the following occurrences:

16.5.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's Affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

16.5.2 Franchisee must cure all existing defaults under this Franchise Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's Affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

16.5.3 Franchisee and Franchisee's principals (if Franchisee is an Entity), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's Affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's Affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

16.5.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Franchise Agreement;

16.5.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she 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 business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Franchise Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

16.5.6 The transferee shall execute Franchisor's then-current franchise agreement for the unexpired term of this Franchise Agreement;

16.5.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to Seven Thousand Dollars ($7,000), One Thousand Dollars ($1,000) of which shall be due as a non-refundable deposit prior to Franchisor's approval of the proposed transfer or sale;

16.5.8 The transferee shall satisfactorily complete Franchisor's training program within the time frame Franchisor sets forth and with all expenses incurred in connection with attending and completing such training to be borne solely by the transferee;

16.5.9 Franchisee (and Franchisee's principals if Franchisee is an Entity), and the members of their respective families must comply with the post-termination provisions of this Franchise Agreement;

16.5.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

16.5.11 To the extent required by the terms of any leases or other agreements, the lessor or other parties must have consented to the proposed transfer;

16.5.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

16.5.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

16.5.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

16.5.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

16.5.16 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

16.5.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

16.6 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual and desires to assign its rights under this Franchise Agreement to an Entity, and if all of the following conditions

are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 16.5, and such assignment will not be subject to Franchisor's right of first refusal in Section 16.4, provided:

16.6.1 The Entity is newly organized and its activities are confined to operating the Franchised Business;

16.6.2 Franchisee is, and at all times remains, the owner of fifty-one (51%) or more of the interest in the Entity;

16.6.3 The Entity agrees in writing to assume all of Franchisee's obligations hereunder;

16.6.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the Entity all its obligations to Franchisor and Franchisor's Affiliates, under this Franchise Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's Affiliates and execute the Owners Agreement attached to this Franchise Agreement as **Attachment B**;

16.6.5 The articles of incorporation and bylaws of the corporation, or the operating agreement or other governing document of the limited liability company, shall reflect this Franchise Agreement and all other agreements Franchisor specifies, and the transferee must submit to Franchisor such documents relating to the Entity as Franchisor may require;

16.6.6 No shares in the transferee entity may be issued or transferred without the written consent of Franchisor;

16.6.7 No changes to the Entity's governing documents may be made without the express written consent of Franchisor;

16.6.8 No shares may be pledged as collateral for any Entity obligations without the express written consent of Franchisor; and

16.6.9 Corporate or limited liability company books and records, including minutes of meetings, must be furnished to Franchisor upon request.

16.7 Franchisor's Right to Transfer. Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Franchise Agreement in Franchisor's sole discretion.

17. DISPUTE RESOLUTION

17.1 Choice of Law. This Franchise Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana, without reference to its conflict of laws principals.

17.2 Informal Dispute Resolution

Except as specifically provided in this Franchise Agreement, and before initiating any mediation or arbitration proceeding for any dispute arising under or relating to this Franchise Agreement, the party intending to initiate the proceeding will notify the other party in writing of the existence and nature of the dispute. Within 15 business days after the other party's receipt of the notice, one of Franchisor's officers or managers will meet with Franchisee or one of Franchisee's owners, officers or managers at Franchisor's principal place of business, other mutually agreeable location, or by telephone, to negotiate in good faith in

an effort to resolve the dispute amicably. If this informal attempt to resolve the dispute is unsuccessful, either party may initiate formal dispute resolution as described in Section 17.03. This provision 17.02 shall not apply to a controversy, dispute or claim concerning an allegation by Franchisor that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating): (a) any of Franchisor's federally protected intellectual property rights in the Marks, the System, or in any of Franchisor's trade secrets or confidential information; (b) any claims pertaining to or arising out of any warranty issued; or (c) any of the restrictive covenants contained in this Franchise Agreement.

17.3 Formal Dispute Resolution

Mediation. Except as specifically provided in this Franchise Agreement, following completion of the Informal Dispute Resolution process set forth in Section 17.02, all claims or disputes between the parties arising out of, or in any way relating to, this Franchise Agreement, or any of the parties' respective rights and obligations arising out of this Franchise Agreement, shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Metairie, Louisiana (or Franchisor's then-current headquarters) in accordance with the Mediation Rules of the American Arbitration Association ("**AAA**") then in effect. Franchisee may not commence any action against Franchisor with respect to any such claim or dispute in any court or arbitration hearing unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. Franchisor reserves the right to specifically enforce its right to mediation. Prior to mediation and before commencing any legal action against Franchisor with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies in detail, the precise nature and grounds of such claim or dispute.

Arbitration. Except as specifically provided in this Franchise Agreement, the parties agree that any and all disputes between them, and any claim by either party that cannot be amicably settled, shall be submitted to binding arbitration before a single arbitrator in accordance with the commercial arbitration rules of AAA. At the option of either party, the arbitrator shall be selected from a list of retired federal or state judges supplied by AAA, if available. This agreement to arbitrate shall be enforceable through a motion to compel arbitration filed with the court having jurisdiction over such matter. The arbitrator must issue a written opinion explaining the reasons for his or her decision and award and the arbitrator will have the right to award or include in the award the specific performance of this Franchise Agreement. Each party shall bear one-half of the arbitrator's and administration expenses incurred during the arbitration process; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorneys' fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. All arbitration proceedings shall take place in Metairie, Louisiana, or, if Franchisor's principal place of business is at another location at the time that arbitration is sought, in the city of Franchisor's then principal place of business.

Claims Excluded. Franchisor will not be required to initiate the informal dispute resolution process, arbitrate or first attempt to mediate a controversy, dispute or claim against Franchisee through arbitration or mediation as set forth in this Section 17 if such controversy, dispute or claim concerns an allegation by Franchisor that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating): (a) any of Franchisor's rights in the Marks, the System, or in any of Franchisor's trade secrets, Intellectual Property, or Confidential Information; (b) any claims pertaining to Franchisor's non-monetary post-termination obligations; or (c) any of the restrictive covenants contained in this Franchise Agreement. Nothing in this Franchise Agreement bars Franchisor or Franchisee from seeking preliminary injunctive or declaratory relief against a breach or threatened breach of this Franchise Agreement pending arbitration or mediation of the dispute, if applicable.

Injunctive Relief. Franchisee acknowledges that a breach of this Franchise Agreement by Franchisee which relates to any of the matters set out below, will cause Franchisor irreparable harm, for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies Franchisor has under this Franchise Agreement, Franchisor is entitled to seek and obtain from a court of law the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) Franchisee's obligations upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; and (vii) any act or omission by Franchisor or Franchisee's employees that: (a) constitutes a violation of any legal requirement; (b) is dishonest or misleading to customers of the Franchised Business; (c) constitutes a danger to the employees or customers of the Franchised Business or to the public; or (d) may impair the goodwill associated with the Marks or the System. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. If Franchisor secures any such injunction, Franchisee agrees to pay Franchisor an amount equal to the aggregate of its costs and expenses, including without limitation reasonable attorney fees, costs, and expenses, Franchisor incurred in obtaining such relief.

WAIVER OF PUNITIVE DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), WITH THE EXCEPTION OF TRADEMARK LAW TREBLE DAMAGES.

JURY TRIAL WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OR ITS AFFILIATES AND/OR ANY GOODS OR SERVICES OBTAINED FROM FRANCHISOR OR ITS AFFILIATES.

WAIVER OF CLASS OR GROUP ACTION. ANY DISAGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR THEIR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND CANNOT BE BROUGHT AS A CLASS ACTION OR CLASS ARBITRATION. FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST FRANCHISOR (AND FRANCHISOR'S AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, A CLASS ARBITRATION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

17.4 Selection of Venue. With respect to any claims not subject to arbitration as set forth in Section 17.3, the parties agree that any actions arising out of or related to this Franchise Agreement must be initiated and litigated in the state court of general jurisdiction closest to Metairie, Louisiana or, if appropriate, the United States District Court for the Eastern District of Louisiana. Franchisee acknowledges that this Franchise Agreement has been entered into in the State of Louisiana, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Metairie, Louisiana, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Louisiana as set forth in this Section.

17.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Franchise Agreement, including the mediation provision set forth in this Section 17, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

17.6 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its Affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's Affiliates allegedly may owe Franchisee under this Franchise Agreement or any related agreements.

17.7 Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Franchise Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Franchise Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Franchise Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18. MISCELLANEOUS PROVISIONS

18.1 Independent Contractor Status. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Franchised Business, and neither party to this Franchise Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, that Franchisee operates Franchisee's Franchised Business as an independently owned and operated franchised business. Nothing in this Franchise Agreement authorizes 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; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed Franchisor's employees or subject to Franchisor's control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee and Franchisor will each file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and worker's compensation payments with respect to its respective employees and operations, and will save and indemnify the other of and from any liability of any nature whatsoever by virtue thereof.

18.2 Responsibility of Management. Franchisee agrees that Franchisor has entered into this Franchise Agreement in reliance upon and in recognition of the fact that Franchisee will have full responsibility for the management and operation of the business and that the amount of profit or loss resulting from the operation of the business will be directly attributable to the performance of the Franchisee.

18.3 Indemnification. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's Affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("**Indemnities**") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("**Claims**"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of Franchisee's Franchised Business, including the condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business and Franchisee's advertising, as well as all leasing activities at the Approved Location or otherwise through the Franchised Business, as well as Franchisee's employment or other contractual relationship with Franchisees employees, workers managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that Franchisor is an employer or joint employer of Franchisee's employees; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Franchise Agreement, Franchisee or the Franchised Business in any manner not in accordance with this Franchise Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "**Claims**" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Franchise Agreement.

18.4 Entire Agreement. This Franchise Agreement contains the entire agreement of the parties. There are no representations either oral or written, except those contained in this Franchise Agreement. This written Franchise Agreement includes all representations between the parties. This agreement may not be modified except by a written document signed by both parties. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

18.5 Construction of Language. The language of this Franchise Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Franchise Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "**immediate family**" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "**principals**" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "**Franchisor**" and "**Franchisee**" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Franchise Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Franchise Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Franchise Agreement.

18.6 Severability. If any provision of this Franchise Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative

or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Franchise Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Franchise Agreement relating to payments to Franchisor or any of its Affiliates or protection of the Proprietary Marks or the Confidential Information, including the Manual and Franchisor's other Trade Secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Franchise Agreement immediately upon written notice to Franchisee.

18.7 State Law Applies. If any provision of this Franchise Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Franchise Agreement that is less favorable to Franchisee.

18.8 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.

18.9 Force Majeure. Neither party to this Franchise Agreement will be liable for loss or damage or deemed to be in breach of this Franchise Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

18.10 Attorney Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Franchise Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's Affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorney fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Franchise Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorney fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

18.11 Notices. All notices required or permitted under this Franchise Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Franchise Agreement or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Franchise Agreement shall be sent to the parties as follows:

Franchisor:	Suite Management Franchising, LLC Attention: CEO 3900 N. Causeway Blvd, Suite 1200 Metairie, Louisiana 70002
Franchisee:	The notice address listed in **Attachment A** to this Franchise Agreement

18.12 Owners Agreement and Assumption of Obligations. If franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Franchise Agreement to a corporation, all shareholders owning any of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Franchise Agreement to a partnership, all general partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Franchise Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Franchise Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's Affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and nonrenewal of this Franchise Agreement as if each were an original party to this Franchise Agreement in his or her individual capacity. Such persons must execute Franchisor's prescribed form of Owners Agreement attached hereto as **Attachment B** contemporaneously with the execution of this Franchise Agreement.

18.13 Approvals. Whenever this Franchise Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Franchise Agreement, or by reason of any neglect, delay or denial of any request therefore.

18.14 Withholding Payments. Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any of its Affiliates. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Franchise Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

18.15 Further Assurances. Each party to this Franchise Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Franchise Agreement.

18.16 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Franchise Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Franchise Agreement that Franchisee may not have initially

understood and that Franchisor has advised Franchisee to have this Franchise Agreement reviewed by an attorney.

18.17 No Guarantee of Earnings. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business.

18.18 Receipt of Franchise Disclosure Document. Franchisee acknowledges that this Franchise Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession for at least fourteen (14) calendar days before Franchisee signed this Franchise Agreement or paid any monies to Franchisor or an Affiliate and that any material changes to this Franchise Agreement were in writing in this Franchise Agreement for at least seven (7) calendar days before Franchisee signed this Franchise Agreement.

18.19 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Franchise Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Franchise Agreement. This is an important part of this Franchise Agreement. Do not sign this Franchise Agreement if there is any question concerning its contents or any representations made.

18.20 Terms of Other Franchises May Differ. Franchisee acknowledges that other franchisees of Franchisor have or will be granted franchises at different times and in different situations, and further acknowledges that the terms and conditions of such franchises and the resulting franchise agreements may vary substantially in economics, form and in substance from those contained in this agreement.

18.21 No Violation of Other Agreements. Franchisee represents that its execution of this Franchise Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

SUITE MANAGEMENT FRANCHISING, LLC

By: _____
Kenneth McAllister, CEO

FRANCHISEE

_____
(Individual, Partnership or Corporation Name)

By: _____

Title: _____

By: _____

Title: _____

PERSONAL GUARANTORS

_____

_____

_____

ATTACHMENT A TO THE FRANCHISE AGREEMENT

DATA SHEET AND STATEMENT OF OWNERSHIP

1. Franchise Owner. The Franchise Owner set forth in the introductory Paragraph of the Franchise Agreement is: _____

2. Franchisor hereby grants Franchisee the right to use the trade name (Sign one):

   ""My Salon Suite"" _____

   ""Salon Plaza"" _____

3. Multi-Unit Franchise Acknowledgement. (Sign one)

   Franchisee has fully executed the Multi-Unit Option Agreement and has purchased the following:

   Single Franchised Business _____

   Multi-Unit Three (3) Franchised Business _____

   Multi-Unit Six (6) Franchised Business _____

   Multi-Unit Six (6) Franchised Business _____

4. Approved Location. Pursuant to Section 2.2 of the Franchise Agreement, the Approved Location shall be the following address:

   _____

   _____

   _____

5. Franchisee Contact Person. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

   Name: _____

   Daytime Telephone No.: _____

   Evening Telephone No.: _____

   Cellular Telephone No.: _____

   Facsimile No.: _____

   E-mail Address: _____

6. Effective Date. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is: _____.

7. Statement of Ownership. If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:

Name	Position/Title	Interest (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

8. Notice Address. The address for all notices to be sent to Franchisee under Section 18.11 of the Franchise Agreement is:

_____

_____

_____

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the undersigned has duly executed this Attachment to the Franchise Agreement on this ____ day of _____, 20____.

FRANCHISEE

_____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

OWNERS
(SHAREHOLDERS/MEMBERS/PARTNERS/ETC.)

_____
Witness/Attest

By: _____

Name: _____

_____
Witness/Attest

By: _____

Name: _____

_____
Witness/Attest

By: _____

Name: _____

_____
Witness/Attest

By: _____

Name: _____

ATTACHMENT B TO THE FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the granting by Suite Management Franchising, LLC ("**we**" or "**us**"), of a Franchise Agreement with _____ ("**Franchisee**"), each of the undersigned individuals ("**Owners**"), who constitute all of the owners of a beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement ("**Owners Agreement**").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of _____, 20___ ("**Franchise Agreement**"). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners' Role. Owners are the beneficial owners of all of the equity interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners Agreement. If all or

any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring

our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

Suite Management Franchising, LLC
3900 N. Causeway Boulevard, Suite 1200
Metairie, Louisiana 70002

The current address of each Owner for all communications under this Owners Agreement is designated on Attachment A to the Franchise Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or

variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "**Franchisor**" or "**the undersigned,**" or "**you**" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

Signatures on following page

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

_____	_____
[Insert Name of Owner]	[Insert Name of Spouse]
_____	_____
[Insert Name of Owner]	[Insert Name of Spouse]
_____	_____
[Insert Name of Owner]	[Insert Name of Spouse]
_____	_____
[Insert Name of Owner]	[Insert Name of Spouse]

ATTACHMENT C TO THE FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Suite Management Franchising, LLC (hereinafter the "**Franchisor**") and _____

_____

_____

(hereinafter "**Franchisee**"), have this date, _____, 20___, entered into a certain Franchise Agreement (the "**Franchise Agreement**") and now desire to supplement its terms as set forth below according in this Site Selection Addendum (the "**Site Selection Addendum**"). The parties hereto therefore agree as follows:

1. At the time the parties entered into the Franchise Agreement, Franchisee had not obtained and secured a lease for a location from which to operate a Franchised Business granted under the Franchise Agreement (the "**Franchised Business**") that Franchisor approved in writing (the "**Approved Location**").

2. Within six months after Franchisee's execution of the Franchise Agreement, Franchisee must purchase or lease an Approved Location, at Franchisee's expense, that Franchisor approves in accordance with the site selection procedure set forth in Sections 2.2 and 7 of the Franchise Agreement. The Approved Location shall be within the following geographical search area (the "**Site Selection Area**"):

_____

_____

_____.

3. Franchisee acknowledges and agrees that the Franchisee's Protected Territory may not be the same geographical area as the Site Selection Area and the Franchisee's Protected Territory may be significantly smaller than the Site Selection Area. Notwithstanding anything contained in this Site Selection Addendum, Franchisor may establish, and license another to establish, a Franchised Business using Franchisor's Proprietary Marks and System within the Site Selection Area at any time, subject to Section 2.3 of the Franchise Agreement.

4. Failure by Franchisee to obtain premises for the Franchised Business within the time required in Section 7.1 of the Franchise Agreement shall constitute a default under the Franchise Agreement and this Site Selection Addendum and shall be grounds for termination as set forth in Section 15 of the Franchise Agreement. The parties agree and acknowledge that time is of the essence with respect to all of Franchisee's obligations under this Site Selection Addendum.

5. If Franchisee will occupy the premises of the Franchised Business under a lease, Franchisee shall, prior to the execution thereof: (i) provide the lease for the proposed site to Franchisor for evaluation and approval, which Franchisee must obtain; and (ii) execute the Conditional Assignment of Lease, and obtain the lessor's execution of the Consent and Agreement of Lessor, in the forms attached to the franchise disclosure document. Franchisor's approval of the lease may be conditioned upon the inclusion in the lease such terms and conditions as Franchisor may reasonably require, including, without limitation:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than 10 years;

b. That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Franchised Business;

c. That the use of the premises be restricted solely to the operation of the Franchised Business;

d. That, except as expressly permitted in the Franchise Agreement, Franchisee be prohibited 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. That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f. That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That Franchisor has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

6. Franchisee shall furnish Franchisor with a copy of any executed lease within five days after execution thereof.

7. After a site for the Franchised Business has been approved in writing by Franchisor and purchased or leased by Franchisee in accordance with this Site Selection Addendum and Section 7 of the Franchise Agreement, the site shall constitute the Approved Location referred to in Section 2.2 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, 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 or the site's compliance with any federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design, and operation of the Franchised Business. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee 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.

9. In the event a term is not specifically defined herein, that term shall be given the meaning and definition provided for it in the Franchise Agreement.

10. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Site Selection Addendum to the Franchise Agreement on this ____ day of _____, 20___.

FRANCHISEE

_____

By:_____

Its:_____

FRANCHISOR

SUITE MANAGEMENT FRANCHISING, LLC

By: _____

Kenneth McAllister, CEO

EXHIBIT C

MULTI-UNIT OPTION AGREEMENT

EXHIBIT C

MULTI-UNIT OPTION AGREEMENT

This Multi-Unit Option Agreement ("**Agreement**") entered into this ____ day of _____ 2016, between Suite Management Franchising, LLC, a Florida limited liability company with its principal business address at 3900 N. Causeway Blvd., Suite 1200, Metairie, Louisiana 70002 ("**Franchisor**"), and _____ with an address of _____ _____ ("**you**").

RECITALS

A. Franchisor has developed and owns the rights to franchise a unique and distinctive franchise system relating to the establishment and operation of facilities that provide turnkey salon suite studios and ancillary services to salon professionals under the trademarks "**My Salon Suite**" or "**Salon Plaza**" (individually the "**Franchised Business**"). "**My Salon Suite**" Franchised Businesses provide a luxury environment and "**Salon Plaza**" Franchised Businesses offer upscale modern decor.

B. You wish to obtain the option to open and operate a total of (select one):

Franchised Businesses – Three (3) (Option Fee = $99,000) _____

Franchised Businesses – Six (6) (Option Fee = $150,000) _____

Franchised Businesses – 10 (10) (Option Fee = $200,000) _____

and exercise your option to open each Franchised Business within the time periods prescribed in this Agreement.

C. Contemporaneous with the execution of this Agreement, you and Franchisor will enter into the form of franchise agreement attached to this Agreement as **Exhibit A** (the "**Initial Franchise Agreement**") for your first Franchised Business (the "**Initial Franchised Business**").

D. Franchisor desires to grant you the option to open the Initial Franchised Business and, depending on the option you selected above, either two (2), five (5) or nine (9) additional Franchised Businesses, (each, an "**Additional Franchised Business**" and, collectively, the "**Additional Franchised Businesses**"), each of which will be located in the Search Territory described in Section 9 below, and all pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **Recitals**. The recital Paragraphs, above, are fully incorporated herein.

2. **Grant of Option**. Franchisor hereby grants you the right to open and operate the Initial Franchised Business pursuant to the terms of the Initial Franchise Agreement, as well as the option to open the Additional Franchised Businesses within the time periods prescribed herein (each, an "**Option Period**") pursuant to Franchisor's then-current form of franchise agreement for Franchised Businesses, all subject to the terms the terms and conditions of this Agreement.

3. **Option Fee.** Immediately upon execution of this Agreement, you must pay Franchisor a non-refundable option fee in the amount indicated in Paragraph B, above (the "**Option Fee**"), which will be deemed fully earned upon payment.

4. **No Additional Franchise Fees.** Notwithstanding anything contained in the Initial Franchise Agreement or either of Franchisor's then-current form(s) of franchise agreement for the Additional Franchised Businesses (each, an "**Additional Franchise Agreement**"), the parties agree and acknowledge that you will not be required to pay any "**Initial Franchise Fee**" under the Initial Franchise Agreement or Additional Franchise Agreements.

5. **Execution of the Initial Franchise Agreement.** You agree to execute the Initial Franchise Agreement contemporaneously with your execution of this Agreement.

6. **My Salon Suite/My Salon Plaza Designation**. Franchisor shall designate whether each Franchised Business shall be a "**My Salon Suite**" or a "**My Salon Plaza**" Franchised Business at the time Initial Franchise Agreement and at the time the Initial Franchise Agreement and each Additional Franchised Agreement(s), if any, are executed.

7. **Option Period and Failure to Exercise.** Under the Initial Franchise Agreement, you acknowledge that you must open and commence operations of your Initial Franchised Business within 12 months of the date you execute your Initial Franchise Agreement. You must exercise your option to own and operate the second Franchised Business by: (i) entering into Franchisor's then-current franchise agreement for that Franchised Business on or before the opening date of your Initial Franchised Business; and (ii) ensuring that you are in compliance with the conditions set forth in Section 8 hereof, all of which are pre-conditions to you exercising your option rights. Similarly, you must exercise your option to own your third Franchised Business by signing Franchisor's then-current form of franchise agreement for that Franchised Business on or before the opening date of your second Franchised Business. If you elected to open more than three (3) Franchised Businesses by indicating so above, you must exercise your option to own each subsequent Franchised Business under this Agreement by signing Franchisor's then-current form of franchise agreement for that Franchised Business on or before the opening date of the immediately preceding Franchised Business. In no event will any of your Franchised Businesses open later than one (1) year from the date you open your immediately preceding Franchised Business. If you fail to timely exercise your option or comply with any of the other obligations set forth in Section 8 hereof with respect to any Franchised Business within the appropriate Option Period, then: (i) Franchisor may terminate this Agreement upon notice; and (ii) any remaining option rights you have to open Additional Franchised Businesses under this Agreement will be terminated as well without any refund of any portion of the Option Fee. This Agreement will automatically terminate upon your opening of the last Additional Franchised Business set forth herein.

8. **Conditions for Exercising Your Option.** In order to exercise your option for Franchised Businesses after your Initial Franchised Business, you must satisfy the following conditions as Franchisor may determine in its sole discretion:

8.1. You must not be in default of this Agreement, your Initial Franchise Agreement, any Additional Franchise Agreement, or other any other agreement between you and Franchisor, and must have fully performed all of your material obligations under these agreements throughout their respective terms;

8.2 You must have opened your Initial Franchised Business and, if appropriate, all subsequent Franchised Businesses, within the time periods prescribed in the respective franchise agreement you entered into for that Franchised Business;

8.3 Neither this Agreement, nor any of the franchise agreements you previously entered into with Franchisor may have expired or been terminated for any reason;

8.4 You have timely paid any fees or other monies due Franchisor as and when due under the terms of the Initial Franchise Agreement or any other agreement with Franchisor; and

8.5 There must be no change in the effective control of you (by way of change in share ownership, membership, or partnership interest, or otherwise) without Franchisor's written consent.

9. **Search Territory**. For so long as this Agreement remains in place, you are granted the right to search for and locate, with Franchisor's written approval, your Franchised Businesses in the following search territory ("**Search Territory**"): _____

_____

_____

10. **Sale or Assignment.** Your rights under this Agreement are personal and you may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under this Agreement to a corporation or limited liability company that is wholly owned by you according to the same terms and conditions as provided in the Initial Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

11. **Time of the Essence**. Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

12. Acknowledgment. **You acknowledge that this Agreement is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.**

13. **Notices**. All notices, requests, and reports to be given under this Agreement are to be in writing, and delivered either by hand, overnight mail, or certified mail, return receipt requested, prepaid to the addresses set forth above (which may be changed by written notice).

14. **Choice of Law.** This Agreement will be governed by the laws of the State of Louisiana (without reference to its conflict of laws principals).

15. **Dispute Resolution.** Except as provided herein, any disputes arising under this Agreement shall be resolved by referring to the dispute resolution provisions contained in the Initial Franchise Agreement.

16. **Injunctive Relief.** Nothing contained in this Agreement herein will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation proceeding conducted hereunder.

17. **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by you.

18. **Jury Trial Waiver.** With respect to any proceeding not subject to mediation, the parties hereby agree to waive trial by jury in any action, proceeding, or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver will apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Franchisor of the franchise, option and/or any goods or services.

19. **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, incidental, indirect, special, or consequential damages (including, without limitation, lost profits) which you may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

20. **Attorney Fees.** If either party institutes any judicial or mediation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, you will be liable to Franchisor for all costs, including reasonable attorney fees, incurred in connection with such proceeding.

21. **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

22. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two (2) ways, one (1) of which would render the provision illegal or otherwise voidable or unenforceable, and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement will be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement is stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. **Construction of Language.** Any term defined in the Initial Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the Initial Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. **Successors**. References to "**Franchisor**" or "**you**" include the respective parties' successors, assigns or transferees.

25. **Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint Franchisor as your attorney-in-fact to execute any and all documents on your behalf that are reasonably necessary to effectuate the transactions contemplated herein.

26. **No Right to Offset**. You 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, you under this Agreement or any related agreements.

27. **Entire Agreement**. This Agreement contains the entire agreement between the parties concerning your option to own and operate the number of Franchised Businesses as indicated above, as well as Franchisor's then-current form of franchise agreement you enter into with respect to each of these Franchised Businesses; no promises, inducements, or representations not contained in this Agreement have been made, nor will any be of any force or effect or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. In the event of a conflict between this Agreement and any franchise agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement or any related agreement is intended to disclaim any of the representations Franchisor made to you in the Franchise Disclosure Document that Franchisor provided to you.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

YOU

_____

By: _____

Title: _____

By: _____

Title: _____

SUITE MANAGEMENT FRANCHISING, LLC

By: _____
Kenneth McAllister, CEO

EXHIBIT D

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Div. 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building 1300 East Main Street, 1st Floor Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT E

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SUITE MANAGEMENT FRANCHISING, LLC

The following modifications are made to the Suite Management Franchising, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to Franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20___ ("**Franchise Agreement**").

The following states laws may supersede provisions of the Franchise Agreement, including the areas of termination and renewal of your Franchise: ARKANSAS (Stat. Section 70-807), CALIFORNIA (Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code, Tit. 6, Ch. 25, Sections 2551-2556), HAWAII (Rev. Stat. Section 482E-1), ILLINOIS (815 ILCS 705/1-44), INDIANA (Stat. Sections 23-2-2.7 and 23-2-2.5), IOWA (Code Sections 523H.1-523H.17), MARYLAND (MD. CODE ANN., BUS. REG. §§14-201 TO 14-233 (2004 Repl. Vol.)), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5B), VIRGINIA (§§ 13.1-557 through 13.1-574 of the Code of Virginia), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03).

Depending on state law, the provisions of this State-Specific Addendum ("**State Addendum**") may apply to modify the FDD that was given to you, as well as the Franchise Agreement, and any applicable Addenda, Exhibits, Appendices, or mutually-agreed modifications thereto. Specifically, this State Addendum will apply to your Franchise Agreement only if the jurisdictional requirements of a listed state's laws are met independently and without reference to this Addendum, to the Franchise Agreement, or to the FDD. For purposes of the State Addendum, the "**Franchisor's Choice of Law State**" is Louisiana and "**Supplemental Agreements**" means Multi-Unit Option Agreement. If any inconsistency arises between the Franchise Agreement, FDD, or Supplemental Agreements and this State Addendum, the terms of this State Addendum shall control. Nothing in this State Addendum, the FDD, Franchise Agreement, or Supplemental Agreements should be interpreted or construed as providing an independent basis for Franchisee's assertion that any particular state law or provision applies to the FDD, Franchise Agreement, or Supplemental Agreements that would not otherwise apply due to the jurisdictional requirements of such state law or provision.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the State of Louisiana, the Franchisor's Choice of Law State, with the costs being borne by the prevailing party.

The Franchise Agreement and Supplemental Agreements require the application of the Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in ITEM 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The earnings claims figures in ITEM 19 do not reflect the costs of sales, operating expenses, or other costs or expenses than must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the disclosure document may be one source of information.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees. The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration. The arbitration will occur at Franchisor's Choice of Law State. 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 the Franchise Agreement or Supplemental Agreements restricting venue to a form outside the State of California.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at "www.dbo.ca.gov."

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The following list reflects the status of the Franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:

2. This proposed registration is or will shortly be on file in the following states:

3. States which have refused, by order or otherwise, to register these Franchises are:

None

4. States which have revoked or suspended the right to offer the Franchises are:

None

5. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

ITEM 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

ITEM 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Surety Bond

ITEM 5, ITEM 7, the Multi-Unit Option Agreement, and the Franchise Agreement are hereby revised to include the following:

The Illinois Attorney General's Office has imposed the surety bond requirement because of our financial condition.

BOND NO: 4134B997

SURETY BOND
Appendix E

We, Sofia Management Franchises LLC (name of franchisor), a corporation with principal offices at 2908 Governor Blvd., Metairie, LA 70002 (address of franchisor), as principal, and Platte River Insurance Company (name of surety company), a surety company with principal offices located at 2121 N. California Blvd., #290, Walnut Creek, CA 94596 (address of Surety) incorporated under the laws of the State of Nebraska and authorized to conduct business in the State of Illinois, as Surety, are indebted to the Administrator, Illinois Attorney General, 500 South Second Street, Springfield, Illinois 62706, Obligee in the sum of $100,000 to be paid to the Obligee or its legal representatives, successors, or assigns, for which payment we bind ourselves and our legal representatives and successors, jointly and severally.

WHEREAS, the above-named principal has made application to the Administrator for registration of the offer of its franchises under the Illinois Franchise Disclosure Act and is required pursuant to said law to provide the Administrator with a Surety Bond.

WHEREAS, the Principal proposes to offer in Illinois salon concept (2) franchise(s) within one year from the effective date of the proposed registration under the Illinois Franchise Disclosure Act; and

WHEREAS, the Obligee intends to assign this bond to the respective purchaser(s) of the aforementioned franchise(s) upon sale of the aforementioned franchise(s) to said purchaser(s).

The conditions of this bond are that if the Principal, its agent or employees shall:

1. Comply with the Illinois Franchise Disclosure Act and all rules and orders promulgated thereunder; and

2. Pay all damages suffered by any person by reason of the violation of the Illinois Franchise Disclosure Act or any rules or orders promulgated thereunder or any acts, rules or orders amendatory thereof and/or supplementary thereto, or hereafter enacted, or by reason of any misrepresentation, deceit, fraud or omission to state a material fact necessary in order to make any statement made in the light of the circumstances under which such statement was made, not misleading, including, but not limited to, the failure to disclose, as required by Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the true financial condition of franchisor; and

3. Fully completes its obligations under the Franchise Agreement and all related Agreements to provide real estate, improvements, equipment, inventory, training and other items included in the franchise offering, then this obligation shall be void; otherwise this obligation will remain in full force and effect.

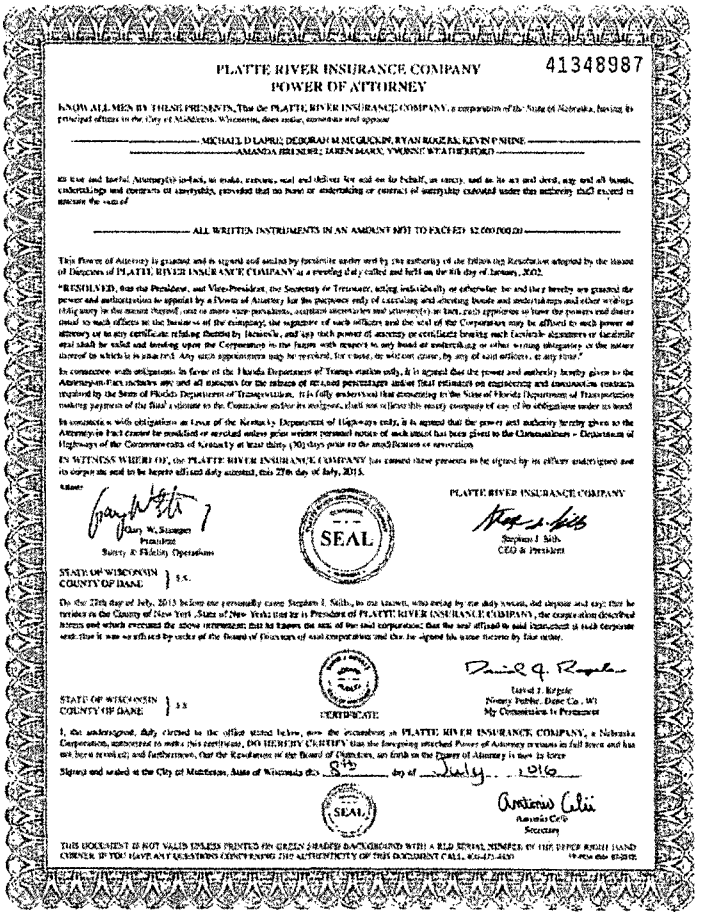
This bond and obligation hereunder shall be deemed to run continuously and shall remain in full force and effect for four full years after the date of execution of this document.

In the event that any action or proceeding is initiated with respect to this bond, the parties agree that the venue thereof shall be the state or province in which the offer or sale of the franchise occurred.

IN WITNESS WHEREOF, Principal and Surety have executed this instrument at Kansas City, Missouri this 28th day of June, 2018.

Subway Franchisee Franchising LLC
Principal

Platte River Insurance Company
Surety Joren Mora
Attorney-In-Fact



PLATTE RIVER INSURANCE COMPANY
POWER OF ATTORNEY

41348987

KNOW ALL MEN BY THESE PRESENTS, That the PLATTE RIVER INSURANCE COMPANY, a corporation of the State of Nebraska, having its principal offices in the City of Middleton, Wisconsin, does make, constitute and appoint

MICHAEL D LAPRE, DEBORAH M MCGUCKIN, RYAN ROGERS, KEVIN O'SHINE
AMANDA BRUNORI, TAREN MARX, YVONNE WEATHERFORD

its true and lawful Attorney(s)-in-fact, to make, execute, seal and deliver for and on its behalf, as surety, and as its act and deed, any and all bonds, undertakings and contracts of suretyship, provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed in amount the sum of

ALL WRITTEN INSTRUMENTS IN AN AMOUNT NOT TO EXCEED $2,000,000.00

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of PLATTE RIVER INSURANCE COMPANY at a meeting duly called and held on the 8th day of January, 2002:

"RESOLVED, that the President, and Vice-President, the Secretary or Treasurer, acting individually or otherwise, be and they hereby are granted the power and authorization to appoint by a Power of Attorney for the purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more vice-presidents, assistant secretaries and attorney(s)-in-fact, each appointee to have the powers and duties usual to such offices for the business of the company, the signature of such officers and the seal of the Corporation may be affixed to such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Corporation in the future with respect to any bond or undertaking or other writing obligatory in the nature thereof to which it is attached. Any such appointment may be revoked, for cause, or without cause, by any of said officers, or any time."

In connection with obligations in favor of the Florida Department of Transportation only, it is agreed that the power and authority hereby given to the Attorney(s)-in-Fact includes any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts required by the State of Florida Department of Transportation. It is fully understood that consenting to the State of Florida Department of Transportation making payment of the final estimate to the Contractor and/or its assignee, shall not relieve this surety company of any of its obligations under its bond.

In connection with obligations in favor of the Kentucky Department of Highways only, it is agreed that the power and authority hereby given to the Attorney(s)-in-Fact cannot be modified or revoked unless prior written personal notice of such intent has been given to the Commissioner - Department of Highways of the Commonwealth of Kentucky at least thirty (30) days prior to the modification or revocation.

IN WITNESS WHEREOF, the PLATTE RIVER INSURANCE COMPANY has caused these presents to be signed by its officers undersigned and its corporate seal to be hereto affixed duly attested, this 27th day of July, 2015.

Attest:

Gary W. Stamper
President
Surety & Fidelity Operations

SEAL

PLATTE RIVER INSURANCE COMPANY

Stephen J. Silk
CEO & President

STATE OF WISCONSIN }
COUNTY OF DANE } ss.

On the 27th day of July, 2015 before me personally came Stephen J. Silk, to me known, who being by me duly sworn, did depose and say: that he resides in the County of New York, State of New York; that he is President of PLATTE RIVER INSURANCE COMPANY, the corporation described herein and which executes the above instrument; that he knows the seal of the said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

David J. Rogala
Notary Public, Dane Co., WI
My Commission is Permanent

CERTIFICATE

STATE OF WISCONSIN }
COUNTY OF DANE } ss

I, the undersigned, duly elected to the office stated below, now the incumbent as PLATTE RIVER INSURANCE COMPANY, a Nebraska Corporation, authorized to make this certificate, DO HEREBY CERTIFY that the foregoing attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolutions of the Board of Directors, set forth in the Power of Attorney is now in force.

Signed and sealed at the City of Middleton, State of Wisconsin this 5th day of July, 2016

SEAL

Antonia Calli
Assistant Corp
Secretary

THIS DOCUMENT IS NOT VALID UNLESS PRINTED ON GREEN SHADED BACKGROUND WITH A RED SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER. IF YOU HAVE ANY QUESTIONS CONCERNING THE AUTHENTICITY OF THIS DOCUMENT CALL 800-417-4430

19-0010 (08-2015)

INDIANA

ITEM 13 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

ITEM 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in ITEM 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Protected Territory.

The "Summary" column in ITEM 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in ITEM 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in the Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in ITEM 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material

breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND SUPPLEMENTAL AGREEMENTS

ITEM 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement and Supplemental Agreements 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.

ITEM 17 of the FDD and sections of the Franchise Agreement and Supplemental Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and franchisee questionnaire are amended to state that 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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Item 5 of the FDD is amended to include the following:

> "Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that is required under the Franchise Agreement or the Franchise Disclosure Document and (b) is open for business."

Section 3.1 of the Franchise Agreement is amended to include the following:

> "Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that is required under the Franchise Agreement or the Franchise Disclosure Document and (b) is open for business."

Fee Deferral

Item 5 and 7 of the Franchise Disclosure Document, the Franchise Agreement and Supplemental Agreements are hereby amended to state that the Initial Franchise Fee and all initial payments paid to Franchisor will be deferred until the Franchisor has completed all of its pre-opening obligations.

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.

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

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

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

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

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. ITEM 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our Franchise System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

1. The following language will appear as a new paragraph of the Franchise Agreement:

> No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

NEW YORK

The following is added to the Risk Factors on the cover page:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE CONTAINED IN THIS PROSPECTUS.

ITEM 3 of the FDD is modified to read as follows:

Other than as described in ITEM 3 of the FDD, neither franchisor, its predecessor, a person identified in ITEM 2, or an affiliate offering Franchises under Franchisor's principal trademark:

A. 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, 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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten (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: a violation of a franchise, antifraud or securities law, fraud, embezzlement fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

C. 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 injunction 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.

ITEM 4 of the FDD is modified to read as follows:

Other than as described in ITEM 4 of the FDD, neither the franchisor, its affiliate, its predecessor, officers or general partner during the ten (10) year period immediately before the date of the FDD: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one (1) year after the officer or general partner of the Franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of ITEM 5 of the FDD:

We may use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you; for commission payments to brokers involved in the sale of a Franchise to you; for general working capital purposes; and for other expenses.

The first paragraph of ITEM 17 of the FDD is revised to read as follows:

You may terminate the Franchise Agreement on any grounds available by law.

ITEM 17.d. of the FDD is revised to read as follows:

You may terminate the Franchise Agreement on any grounds available by law.

ITEM 17.j. of the FDD is revised to read as follows:

However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

ITEM 17.w. of the FDD is revised to read as follows:

The foregoing choice of law should not be considered a waiver of any right conferred upon either the franchisor or upon the Franchisee by Article 33 of the General Business Law of the state of New York.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

ITEM 17(r) of the FDD and Section 7 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent

of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Suite Management Franchising, LLC, 3900 N. Causeway Boulevard, Metairie, Louisiana 70002, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

ITEM 17(h). The following is added to ITEM 17(h):

> "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Suite Management Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to ITEM 8 and ITEM 17.h.
>
> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In any arbitration involving a Franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. The FDD, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Item 5 of the FDD is amended to include the following:

"Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that is required under the Franchise Agreement or the Franchise Disclosure Document and (b) is open for business."

Section 3.1 of the Franchise Agreement is amended to include the following:

"Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that is required under the Franchise Agreement or the Franchise Disclosure Document and (b) is open for business."

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Indiana	☐	North Dakota	☐	Washington
☐	Maryland	☐	Ohio	☐	Wisconsin

Dated: _____, 20____

FRANCHISOR:

SUITE MANAGEMENT FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

_____

_____

By: _____

Title: _____

Rev. 032615

EXHIBIT F

CONTRACTS FOR USE WITH THE FRANCHISED BUSINESS

The following contracts contained in **Exhibit F** are contracts that Franchisee may be required to utilize or execute after signing the Franchise Agreement in the operation of the Franchised Business. The following are the forms of contracts that Suite Management Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT F-1

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "**Release**") is made as of _____, 20___ by _____, a(n) _____ ("**Franchisee**"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "**Releasor**") in favor of Suite Management Franchising, LLC, a Florida limited liability company ("**Franchisor**," and together with Releasor, the "**Parties**").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "**Agreement**") pursuant to which Franchisee was granted the right to own and operate a My Salon Suite or Salon Plaza business (the "Franchised Business");

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee **(enter into a successor franchise agreement)**, and Franchisor has consented to such transfer **(agreed to enter into a successor franchise agreement)**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **(Franchisee's ability to enter into a successor franchise agreement)**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **(Franchisor entering into a successor franchise agreement)**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to Franchised Business, the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Louisiana.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

_____

By: _____

Name: _____

Its: _____

Date _____

FRANCHISEE'S OWNERS:

_____
Signature

_____
Typed or Printed Name

EXHIBIT F-2

SAMPLE FRANCHISE SYSTEM PROTECTION AGREEMENT

This Franchise System Protection Agreement (this "**Agreement**") is entered into by the undersigned ("**you**") in favor of Suite Management Franchising, LLC, a Florida limited liability company, and its successors and assigns ("**us**"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Competitive Business" means any business that derives at least 50% of its revenue from providing turnkey salon suite studios and related services to salon professionals where such professionals can provide health and beauty services to their own respective clients. A Competitive Business does not include a salon suite studio business then operating pursuant to a franchise agreement with us ("**Franchised Business**").

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Franchised Business or the solicitation or offer of a Franchised Business, whether now in existence or created in the future.

"Franchise System" means our system for the establishment, development, operation, and management of a Franchised Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

"Franchisee" means the Franchised Business franchisee for whom you are an officer, director, employee, or independent contractor.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and Franchise System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Franchised Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the Franchise System and the Manual.

"Manual" means our confidential operations manual for the operation of a Franchised Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Franchised Business. The term "Marks" also includes any distinctive trade dress used to identify a Franchised Business, whether now in existence or hereafter created.

"Prohibited Activities" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"Restricted Period" means the two (2) year period after you cease to be a manager of Franchisee's Franchised Business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after you cease to be a manager or officer of Franchisee's Franchised Business.

"Restricted Territory" means the geographic area within: (i) a 20-mile radius from Franchisee's Franchised Business (and including the premises of the Franchised Business); and (ii) a 20-mile radius from all other Franchised Businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 15-mile radius from the Franchised Business (and including the premises of the Franchised Business).

2. **Background**. You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our Franchise System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire Franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Intellectual Property**. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee's Franchised Business. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. **Unfair Competition During Relationship**. You agree not to unfairly compete with us at any time while you are a manager of Franchisee's Franchised Business by engaging in any Prohibited Activities.

5. **Unfair Competition After Relationship**. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. **Immediate Family Members**. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. **Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. **Breach**. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Franchised Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle

us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Louisiana, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

EXHIBIT F-3A

MY SALON SUITE FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this "**Agreement**") is entered into by the undersigned ("**you**") in favor of Suite Management Franchising, LLC, a Florida limited liability company, and its successors and assigns ("**us**"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow Franchisees to use, sell, or display in connection with the marketing and/or operation of a Franchised Business, whether now in existence or created in the future.

"Franchise System" means our system for the establishment, development, operation, and management of a Franchised Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

"Franchised Business" means a business operating pursuant to a franchise agreement with us that provides turnkey salon suite studios and related services to salon professionals where such professionals can provide health and beauty services to their own respective clients and other related services and products using our Intellectual Property.

"Franchisee" means the Franchised Business franchisee for whom you are an officer, director, employee, or independent contractor.

"Intellectual Property" means, collectively or individually, our Marks, Copyrights, Know-how, and Franchise System.

"Know-how" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Franchised Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the Franchise System and the Manual.

"Manual" means our confidential operations manual for the operation of a Franchised Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Franchised Business. The term "Marks" also includes any distinctive trade dress used to identify a Franchised Business, whether now in existence or hereafter created.

2. Background. You are an employee, independent contractor, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Franchise System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from

time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee, or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. **Immediate Family Members**. You acknowledge you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Know-how to the family member.

5. **Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. **Breach**. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Franchised Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. **Miscellaneous**.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Louisiana, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

(Signatures on following page)

EXECUTED on the date stated below.

Date_____

_____
Signature

_____
Typed or Printed Name

EXHIBIT F-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

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

Signature: _____ Date: _____

Name: _____

Its: _____

Federal Tax ID Number: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT F-5

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into this _____ day of _____, 20_____, between Suite Management Franchising, LLC ("**Franchisor**"), _____ ("**Former Franchisee**") and _____ ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20_____ ("**Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a salon suite rental business franchise located at _____ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Assignment Fee**").

2. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.

3. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee's rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement, which is attached to this Agreement as Attachment A.

4. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), which is attached to this Agreement as Attachment B, and any

other required contracts for the operation of a Franchised Business as stated in Franchisor's Franchise Disclosure Document.

5. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

6. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee, and shall not involve Franchisor.

7. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

8. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

9. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

10. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

11. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Louisiana.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

SUITE MANAGEMENT FRANCHISING, LLC

By: _____

Title: _____

FORMER FRANCHISEE:

_____

By: _____

Title: _____

NEW FRANCHISEE:

_____

By: _____

Title: _____

Rev. 041714

EXHIBIT F-6

SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE (UPON TRANSFER TO AN AUTHORIZED FRANCHISEE)

This Termination of Franchise Agreement and Release (the "**Agreement**") is made this _____ day of _____, 20__, by and between Suite Management, LLC, a Florida limited liability company, with its principal place of business at 3900 N. Causeway Boulevard, Suite 1200, Metairie, Louisiana 70002 ("**Franchisor**"), and _____, a _____, with a business address at _____ _____ ("**Transferor**").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "**Franchise Agreement**") with Franchisor for the right to operate a salon suite rental business franchise under Franchisor's proprietary marks and system (the "**Franchise System**") at the following approved location: _____ (the "**Franchised Business**").

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through, or under it, release, acquit, and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors, and assigns (the "**Franchisor Releasees**")

from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney fees, actions, or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership, or corporation, have, had, or claim to have against the Franchisor Releasees arising out of or related to the offer, sale, and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through, or under it, releases, acquits, and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors, and assigns (the "**Transferor Releasees**") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney fees, actions, or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership, or corporation, have, had, or claim to have against the Transferor Releasees arising out of or related to the offer, sale, and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of Louisiana, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of, and binding upon the parties and their respective representatives, successors, and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has, and had, a relationship with Franchisor at its offices in the State of Louisiana and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Louisiana, pursuant to the mediation, venue, and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties, and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR:

SUITE MANAGEMENT FRANCHISING, LLC

Attest: _____

By: _____
Kenneth McAllister, CEO

FRANCHISEE:

_____

Witness: _____

By: _____

Title: _____

EXHIBIT F-7

COLLATERAL ASSIGNMENT OF LEASE AND LEASE ADDENDUM FORMS

FORM OF LEASE ADDENDUM

TO LEASE DATED _____, _____ **("Lease")**

BY AND BETWEEN _____ **("Landlord")**

AND _____ **("Tenant")**

For _____ **("Premises")**

THIS ADDENDUM (the **"Addendum"**) is entered into among Suite Management Franchising, LLC (**"Franchisor"**), and the Tenant and Landlord identified above on _____, 20___ (**"Effective Date"**) subject to the following recitals:

WHEREAS, Tenant and Franchisor are parties to that certain Franchise Agreement (the **"Franchise Agreement"**) pursuant to which Franchisor has granted Tenant a franchise and license to operate a my salon suite or salon plaza franchised business (the **"Franchised Business"**) under service marks and/or other proprietary marks Franchisor may designate for use (collectively, the **"Proprietary Marks"**) using the distinctive business methods, uniform operating systems, and trademarks that Franchisor now or hereafter requires to identify, advertise, or promote its proprietary franchise business and system (the **"Franchise System"**);

WHEREAS, the Franchise Agreement requires Tenant to obtain Franchisor's prior written approval of the location for Tenant's Franchised Business (the **"Approved Location"**) before entering into a lease with the owner or master tenant of the Approved Location (the **"Lease"**);

WHEREAS, one of the factors that Franchisor considers in approving a location for Tenant's Franchised Business is the agreement of the owner or master tenant of the Approved Location to incorporate certain provisions as part of the Lease to protect Franchisor's interests and give Franchisor specific rights as a third party beneficiary;

WHEREAS, Franchisor has approved the Premises as the Approved Locations of Tenant's Franchised Business subject to the parties entering into this Addendum to the Lease of the Premises. Landlord and Tenant are willing to amend the Lease in order to add the specific provisions which Franchisor requires as a condition to approving Tenant's request to locate its Franchised Business at the Premises;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

A. Effect of Addendum. Tenant and Landlord agree that this Addendum is made a part of that certain Lease for the Premises which they have entered into on the date shown above, and attach a copy of the Lease to this Addendum as Schedule 1. Tenant and Landlord agree that, in the event of any

contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease, the terms and provisions of this Addendum shall control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. The parties agree that all defined terms not specifically defined in this Addendum shall be given the same meaning as the defined terms in the Lease. The parties further agree that Franchisor's signature below signifies its agreement to the terms and conditions of this Addendum, but does not create or impose any obligations upon Franchisor under the Lease or make Franchisor a named party to the Lease. The parties expressly recognize that Franchisor is a third party beneficiary of the Lease with the rights created by this Addendum.

B. Assignment of Lease. Tenant irrevocably assigns and transfers to Franchisor all of Tenant's right, title, and interest in and to the Lease and all options contained therein. This assignment may not be revoked without the prior written consent of Franchisor. The parties acknowledge that, until Franchisor accepts the assignment made by Tenant, which acceptance shall be indicated by Franchisor delivering a written notice of acceptance of assignment in accordance with this Addendum, Franchisor has no obligations, liabilities, or responsibilities under the Lease of any kind, including, without limitation, as a guarantor or indemnitor of Tenant's obligations to Landlord. Tenant represents that, before the Effective Date, it has not entered into an agreement to assign its right, title, and interest in and to the Lease to any other person.

C. Use of Property. During the term of the Lease, Tenant shall use the Premises solely for the operation of a Franchised Business that subleases/rents studio space and provides certain other authorized services/products to third-party salon professionals in accordance with the requirements of the Franchise Agreement, unless Tenant and Landlord obtain Franchisor's prior written consent to another use.

D. Franchisor's Right of Entry. Franchisor may enter the Premises at any time to inspect Tenant's operations and engage in all activities expressly permitted by the Franchise Agreement.

E. Notices to Franchisor. Landlord shall serve Franchisor with a copy of any notice of default, breach, or termination of Lease at the same time that Landlord serves Tenant with such notice.

F. Default by Tenant; Franchisor Opportunity to Cure. Landlord agrees not to terminate the Lease based on Tenant's breach or default of any provision of the Lease unless and until Landlord gives Franchisor written notice identifying the breach or default and allows Franchisor an opportunity to cure the breach or default, which cure period shall be no less than the length of the cure period extended to Tenant plus an additional ten (10) days (with a minimum cure period extended to Franchisor of at least 30 days total). To avoid uncertainty over the length of Franchisor's cure period, Landlord shall identify Franchisor's cure period when Landlord gives Franchisor written notice of the breach or default. Landlord shall not terminate the Lease before Franchisor's cure period expires. If Franchisor fails or refuses to cure the breach or default by the end of Franchisor's cure period, Landlord may terminate the Lease in the manner provided in the Lease, but shall have no remedy against Franchisor.

G. Acceptance of Assignment by Franchisor. Subject to complying with the requirements of this Section, Franchisor may accept the assignment of the Lease by giving written notice of acceptance to Landlord at any time before the Lease terminates or expires if: (i) Franchisor terminates the Franchise Agreement for any reason; (ii) Tenant loses the right to occupy the Premises due to Tenant's breach or default or for any other reason except the expiration of the Lease or condemnation or destruction of the Premises on the terms stated in the Lease. If Franchisor accepts the assignment by giving timely written notice to both Franchisee and Landlord, the parties agree that from and after the date of Franchisor's written notice of acceptance: (i) Franchisor shall have all of the rights of Tenant under the Lease; (ii) Franchisor

shall have the right to assign or sublet all of any part of its interest in the Lease or in the Premises to another Franchised Business owner without Landlord's prior consent; and (iii) Franchisor shall be liable to perform only the obligations of Tenant under the Lease arising from and after the date of Franchisor's acceptance of the assignment and shall have no liability for obligations arising before Franchisor's acceptance of the assignment (except for the duty to cure any defaults committed by Tenant which are outstanding on the date of Franchisor's notice of acceptance of assignment). Any options to extend the term of the Lease shall automatically transfer to Franchisor as an assignee of Tenant's rights under the Lease. If Franchisor accepts an assignment of the Lease, the parties shall thereafter cooperate and work together to achieve an orderly transition of Tenant's leasehold interest to Franchisor with minimal disruption to the service of customers of the Franchised Business.

H. Landlord's Agreements. In addition to agreements stated elsewhere in this Addendum, for the benefit of Franchisor, Landlord agrees not to accept Tenant's voluntary surrender of the Lease without giving Franchisor prior written notice and a period of no less than ten (10) days in which to accept an assignment of the Lease pursuant to the requirements of this Addendum. Additionally, Landlord agrees not to amend the Lease without Franchisor's prior written consent.

I. Communications. Any notices required in this Addendum must be in writing and will be deemed given when actually delivered by personal delivery or four (4) days after being sent by certified or registered mail, return receipt requested, if addressed as follows:

Franchisor:	Suite Management Franchising, LLC Attn: Ken McAllister 3500 Chateau Boulevard Kenner, LA 70065
Landlord:	_____ _____ _____
Tenant:	_____ _____ _____

Any party may change its address for receiving notices by appropriate written notice to the other.

J. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver, and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity who is not a party to this Addendum. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of the Effective Date.

LANDLORD	**TENANT (FRANCHISEE)**
[INSERT LANDLORD HERE]	[INSERT FRANCHISEE HERE]
By: _____	By: _____
Its: _____	Its: _____

FRANCHISOR

SUITE MANAGEMENT FRANCHISING, LLC

By: _____
Kenneth McAllister, CEO

EXHIBIT F-7

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (**"Assignor"**) hereby assigns and transfers to Suite Management Franchising, LLC, a Florida limited liability company, with its principal place of business address at 3500 Chateau Boulevard, Kenner, LA 70065 (**"Assignee"**), all of Assignor's right, title, and interest as tenant in, to, and under that certain lease, a copy of which is attached hereto as Schedule 1 (the **"Lease"**) respecting premises commonly known as _____ _____ (the **"Premises"**).

This Collateral Assignment of Lease (**"Assignment"**) is for collateral purposes only, and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor's rights, title, and interest under the Lease pursuant to this Assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the **"Franchise Agreement"**), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Assignment, Assignee has the right, and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title, or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 120 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place, and stead of Assignor for the purpose of effecting such extension or renewal.

(Signatures on following page)

AASSIGNOR:

_____

Dated: _____
_____, 20___

SIGNED AND SEALED By: _____
this _____
day of Name: _____
_____,
20____

_____
_____
Notary Public

EXHIBIT F-7

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforementioned Lease with respect to the Premises does hereby:

(a) agree to notify Assignee in writing of, and upon the failure of, Assignor to cure any default by Assignor under the Lease;

(b) agree that Assignee has the right, but must not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) consents to the foregoing Collateral Assignment of Lease and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor in writing the assumption of the Lease by Assignee as tenant thereunder, Lessor must recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) agree that Assignee will not have any obligations under the Lease or otherwise with respect to the Premises unless Assignee undertakes those actions outlined in the immediately preceding paragraph and in the Lease Addendum that are necessary for Assignee to expressly assume Assignor's obligations under the Lease; and

(e) agrees that Assignee may further assign the Lease to a person, firm, or corporation who must agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor, and upon such assignment, Assignee will have no further liability or obligation under the Lease as Assignee, tenant, or otherwise.

LESSOR:
[INSERT LESSOR]

_____

DATED: _____

EXHIBIT F-8

NONSTANDARD TERRITORY AMENDMENT

This Nonstandard Territory Amendment ("**Amendment**") is entered into this _____ day of _____, 201__, between Suite Management Franchising, LLC ("**Franchisor**"), and _____ ("**Franchisee**").

RECITALS

WHEREAS, Franchisor and Franchisee have entered into that certain Franchise Agreement ("**Franchise Agreement**") for the operation of a "My Salon Suite" or a "Salon Plaza" franchise, of even date herewith; and

WHEREAS, Franchisor and Franchisee desire to amend the terms of the Franchise Agreement by incorporating the terms of this Amendment into the Franchise Agreement. Capitalized terms not defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties and subject to the following terms and conditions, it is agreed as follows:

1. **PROTECTED TERRITORY**. Notwithstanding anything to the contrary in the Franchise Agreement, the Protected Territory set forth in Section 2.3 of the Franchise Agreement shall be the following geographical area:

(INSERT NEW PROTECTED TERRITORY)

2. **AMENDMENT BINDING**. This Amendment will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

3. **FURTHER ASSURANCE**. Each of the parties will, upon reasonable request of the other, sign any additional documents necessary or advisable, to fully implement the terms and conditions of this Amendment.

4. **REAFFIRMATION**. Except as specifically modified by this Amendment, all of the terms and conditions of the Franchise Agreement (including provisions for notice, construction, and dispute resolution) are reaffirmed in their entirety.

5. **NO FURTHER CHANGES**. Except as specifically provided in this Amendment, all of the terms, conditions and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed. In the event of any inconsistency between the provisions of the Franchise Agreement and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the Effective Date.

FRANCHISOR:

SUITE MANAGEMENT FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

EXHIBIT F-9

SAMPLE LOAN DOCUMENTS

MASTER PROMISSORY NOTE and SECURITY AGREEMENT (this "Agreement" or the "Agreement")	App # _____ Loan # _____* Date: _____
BORROWER:	LENDER/SECURED PARTY: FranFund, Inc. 505 Main Street, Suite 200 Fort Worth, TX 76102

*Lender/Secured Party is hereby authorized by Borrower to insert the applicable Loan number.

1) For your convenience, this Master Promissory Note and Security Agreement represents the outcome of our effort to write this contract in "Plain English." The words "**you**" and "**your**" refer to the Borrower, its permitted successors and assigns. The words "**we**" "**us**" and "**our**" refer to the Lender/Secured Party, its successors and assigns. We agree to make a loan to you as described in one or more loan schedules (each a "Loan Schedule") referencing this Agreement. Each Loan Schedule shall expressly incorporate the terms of this Agreement and shall constitute a separate loan along with any other writing expressly incorporated into this Agreement or the applicable Loan Schedule. In the event of any conflict between the language of this Agreement and any Loan Schedule, the language of the Loan Schedule shall prevail. This Agreement is not a legal commitment to lend money and we shall have no obligation to enter into any Loan Schedule. This Agreement shall constitute a binding agreement between you and us when we execute the Agreement.

2) As Borrower, you unconditionally promise to pay to our order, or the order of our successors or assigns, the principal sum specified in a Loan Schedule plus interest computed on the basis of a 360 day year in the amounts and at the times set forth in each Loan Schedule commencing on the date the Loan Schedule is accepted and signed by us and continuing as set forth therein without need of an invoice. **Your obligations hereunder, including without limitation, your obligations to pay all amounts due hereunder, are absolute, unconditional, non-cancelable, and not subject to cancellation, termination, modification, repudiation, abatement, reduction, diminution, defense, counterclaim, recoupment or set-off for any reason whatsoever.** Each installment payment received by us pursuant to a Loan Schedule shall first be applied to the payment of interest on the respective principal sum, or so much thereof as shall from time to time remain unpaid, and then applied at our discretion.

3) For valuable consideration and to secure the prompt payment and performance in full of all of your past, present and future obligations to us hereunder, you hereby grant to us and so pledge and assign to us a purchase money security interest in the equipment and assets detailed on any Loan Schedule and purchased with the respective loan proceeds made in connection with this Agreement and a first priority security interest in the following properties, assets and rights, wherever located, whether now owned or existing or hereafter acquired or arising, and howsoever your interest therein may arise or appear (whether by ownership, lease, security interest, claim, or otherwise) (collectively the "**Collateral**"): (A) the Collateral set forth in a Loan Schedule; (B) all of your inventory, machinery, equipment, fixtures, leases, finished goods and supplies, contract rights, claims, causes of action, accounts receivable, and any and all tangible and intangible assets and other personal property owned by you, whether or not purchased with the proceeds of any loan; and (C) any and all proceeds of any of the foregoing, including insurance proceeds or other proceeds from the sale, destruction, loss, or other disposition of any of the foregoing, and sums due from a third party who has damaged or destroyed any of the foregoing or from that party's insurer, whether due to judgment, settlement or other process. To the extent that a Loan Schedule requires you to give us cash collateral before a Loan Schedule is funded, such cash collateral: (i) shall be non-interest bearing; (ii) will be commingled with our general funds; and, (iii) shall be deemed to be part of the Collateral in which we have a first priority security interest. We may, but we shall not be obligated to apply any cash collateral to cure any default by you, in which event you shall promptly restore any amount so applied. Within 15 days after a Loan Schedule is fully satisfied and provided you are current in all of your payment obligations to us pursuant to this Agreement and any other Loan Schedules, the then remaining cash collateral balance for the Loan Schedule that has been fully satisfied will be returned to you by us. The cash collateral does not entitle you or any person or entity that has guaranteed your obligations hereunder (individually a "Guarantor" and collectively, the "Guarantors") to any claim of set-off with respect to, and cannot be applied by you or any Guarantor to any payments required by any Loan Schedule and/or this Agreement.

4) If any payment or other amount due under a Loan Schedule or this Agreement is not made within 10 days from its due date, you will incur a late charge of 5% of each payment so overdue to defray the expenses incident to our processing such late payment. You may prepay any payments required by a Loan Schedule after two years, but: (A) there will be no prepayment allowed for the first twenty four (24) months of the Loan; (B) After 24 payments have been made and prior to the prepayment, all outstanding payments and other sums due and payable pursuant to all Loan Schedules as of the date of any such prepayment must be paid to us; and, (C) such prepayments made by you must include a prepayment penalty added to the remaining balance on the loan as follows: If prepayment is made in Months 25-36 the prepayment penalty is 4%; If prepayment is made in Months 37-48 the prepayment penalty is 3%; If prepayment is made in Months 49-60 the prepayment penalty is 2%; If prepayment is made in Months 61-72 the prepayment penalty is 1%; If prepayment is made in Months 73-84 the prepayment penalty is 1%. In the event that any payment tendered by you or on your behalf or an authorized, automatic payment on your behalf is not duly honored by the institution on which it is drawn for ANY reason, notwithstanding anything else in this Agreement or any Loan Schedule to the contrary, we shall be permitted to charge a fee of $50 per dishonor, but not in excess of any amount permitted by the law of the jurisdiction of the State detailed in your address on page 1 of this Agreement. If on two occasions within any 12 month period your payments to us are not honored when presented in due course to the bank on which they are drawn, we shall be permitted to: (i) require that your required payments to us be made by certified check, postal money order, or teller's check; and/or, (ii) increase the annual interest rate then being charged by 0.5%; and/or, (iii) refuse to honor any contractual provisions herein or in any Loan Schedule that would, at some point in the future, reduce the annual interest rate. In addition to the 0.5% detailed in subparagraph (4)(B)(ii) above, if you withdraw your authorization for us to automatically debit your account pursuant to the Electronic Funds Transfer Act, we shall be permitted to increase the annual interest rate then being charged by 0.5%.

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5) You represent, warrant, covenant and agree that: (A) if you are a corporation, limited liability corporation or limited liability company, you have been duly organized and are in good standing under the laws of the state of your organization and you are duly qualified to do business in every jurisdiction where you conduct or will conduct your business; (B) you are and will continuously be the owner of the Collateral, free of all security interests, liens and encumbrances other than the security interest in favor of us and any existing liens consented to by us in writing; (C) you shall: (i) keep all tangible Collateral in good condition and repair and, where applicable, in accordance with the respective manufacturer's specification; (ii) not permit any Collateral to be used or kept for any unlawful purpose or in violation of any federal, state or local law; (iii) permit us access to the Collateral at all reasonable times; (iv) be liable for any expenditures we make to maintain and preserve the Collateral, including without limitation, taxes, levies, insurance, repairs, attorney's and accountant's fees and expenses, and for the collection, repossession, holding, preparation, and sale or other disposition of the Collateral; and (v) not, without our prior written consent, move any Collateral from its location as is detailed on the respective Loan Schedule (the "Loan Schedule Premises"); (D) the information you provided for the underwriting of this loan was full, true and correct in all respects; (E) the proceeds of any Loan Schedule shall not be used to purchase real estate or an interest therein; (F) **the proceeds of the loan shall be used solely for business or commercial purposes and not for personal, family, household or agricultural purposes**; (G) your execution, delivery, and performance of this Agreement and any related documents, and the grant of the security interest in the Collateral to us, are not in contravention of law or the terms of your organizational and governing documents, or any contract or agreement to which you are a party and this Agreement constitutes your legal, authorized, valid, and binding obligation, enforceable in accordance with its terms; (H) other than as previously disclosed to us in writing, there are no actions, proceedings, or investigations pending or threatened against you or any Guarantor that would, if adversely determined; (i) materially impair your right to carry on your business in a commercially reasonable manner; and/or (ii) materially adversely affect your financial condition or the financial condition of any Guarantor; (I) other than as previously disclosed to us in writing, there are no judgments, federal or state tax liens or other liens, security interests or encumbrances against you, your assets or any Guarantor; (J) you have and/or will comply with all laws, ordinances, regulations, federal, state and local, applicable to your business; (K) you and your Guarantors have filed or caused to be filed all Federal, State and local tax returns and have paid or caused to be paid all taxes as shown on such returns, as and if audited; (L) all of your representations and warranties are true at the time you execute this Agreement and shall survive the execution, delivery and acceptance hereof; (M) upon the occurrence or your later discovery of any damage to or loss of any Collateral and/or loss or damage to the Loan Schedule Premises (whether by accident, fire, theft, vandalism or otherwise), you shall immediately notify us thereof by telephone, provide written notice thereof to us within 24 hours, and promptly submit any required notifications and reports to the appropriate law enforcement agencies, with copies thereof provided to us (other than for our actual receipt of insurance proceeds, your liability to us for the full and timely repayment of the respective Loan Schedule and this Agreement shall not be reduced or diminished by your compliance with the terms of this subsection of the Agreement; (N) regardless of whether you consider any suit, claim or administrative proceeding against you to be covered by insurance, you will send written notification to us, attention: President, by certified mail within 5 days upon learning of the institution of any suit, claim or administrative proceeding against you that would, if you were unsuccessful in defending such suit, claim or administrative proceeding, materially impair your right to carry on your business in a commercially reasonable manner and/or materially adversely affect your financial condition; (O) to facilitate payments under this Agreement and any Loan Schedule, you will provide us with an Automated Clearing House ("ACH") Form signed by you permitting the automated checking accounting charge by us; (P) you will promptly pay and discharge, or cause to be paid and discharged, when due any and all taxes (including, without limitation, all sales and personal property taxes), assessments and governmental and other charges, levies or claims levied or imposed, which are, or which if unpaid might become, a lien or charge upon the Collateral or otherwise, provided however that nothing contained herein shall be construed as prohibiting you or any Guarantor from contesting in good faith the validity or amount of any such taxes or assessments; (Q) you will timely defend any claim by a third party relating to the possession of, or interest in, the Collateral; (R) we shall be allowed, without incurring any obligation, to make any or all payments to creditors (including but not limited to the Landlord of any Loan Schedule Premises, any taxing authorities, any state, local or municipal agencies) as shall be necessary to preserve our rights and security interest(s) in the Collateral and any monies we expended in so doing shall be due and payable within 10 days of our written demand therefore; (S) you will hold and save us free and harmless: (i) from any causes of action, claims, damages and liabilities due to the actions or inactions of you, your officers, directors and employees, and you shall pay for us for all of our reasonable attorney fees in defending against any such claim; and, (ii) against all loss, liability, damage, and expense, including but not limited to reasonable attorney's fees, suffered or incurred by Lender due to Maker's and/or any Guarantor's default under this Agreement; (T) except with our prior written consent, which shall not be unreasonably withheld: (i) you will not: (a) make any material change in your organization or your management or the manner in which your business is conducted; (b) become party to any merger or consolidation with any company or entity of any kind whatsoever, or sell substantially all of your assets, liquidate or dispose of your business; and/or, (c) create, or permit to be created or incurred, any subordinate mortgages, security interests, liens or encumbrances against the Collateral; and, (ii) if you are a Corporation or Limited Liability Company, you will not issue any equity interest (including but not limited to capital stock issued pursuant to stock splits or dividends), warrants, rights and options for consideration or otherwise; and, (U) upon our request, you agree to provide us with your: (i) most recent federal and state income tax returns; (ii) annual financial information that is dated within 120 days of the end of your most recent fiscal year that includes, but not limited to, a balance sheet, profit and loss statements; (iii) quarterly sales figures within 30 days of the end of your most recent fiscal quarter; and, (iv) any other requested documents as may be necessary to evaluate our ongoing risk position. For the same purpose you hereby authorize your franchisor, if applicable and at our request, to supply sales data, royalty payment data, and other such information about your business as may, from time to time, be such franchisor's possession.

6) You shall, at your sole cost and expense, obtain insurance policies from an insurance company with a minimum A.M. Best's rating of B+ that is licensed to do business in all states where any Collateral is located and keep the Collateral insured against loss, damage and destruction, providing "special form" insurance coverage, including theft in an amount equal to its replacement cost with such companies, and in such form, amounts and coverages as are acceptable to us. Each Policy shall name us and our assignees as mortgagee and lender's loss payee as our interests may appear and include an endorsement to the effect that the carrier will give us at least thirty (30) days' prior written notice of the effective date of any alteration or cancellation of any such policy, and that as to our interest or coverage of that of any assignee, such insurance policy shall not be suspended, forfeited or in any manner prejudiced by any default, misrepresentation or other breach of warranty, condition or covenant by you or us.

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7) If you at any time fail to perform or observe any term or condition of the Agreement, we may (in your name and on your behalf or, at our option, in our own name), but are not obligated to, perform and take any action, which we may deem necessary or desirable to cure or correct such failure and any monies we expended in so doing shall be due and payable within 10 days of our written demand therefore. To the extent permitted by applicable law, you irrevocably authorize and appoint us (and our designee) as your attorney-in-fact to execute, endorse or otherwise sign and/or file any instrument, document, statement, communication or record desirable to protect or preserve our interest herein, in the Collateral or in any insurance or other proceeds of the Collateral or to correct any errors or omissions herein or in any related document. This power, being coupled with an interest, shall be irrevocable for the term of this Agreement. If the loans contemplated hereby relate to you being a franchisee, you further authorize us to share any information regarding this Agreement or any Loan Schedule, including payment history, with your franchisor and/or your landlord and you authorize your franchisor and/or your landlord to disclose information about your franchise, franchise agreement, financial performance or property lease with us.

8) **You have no right to sell, transfer, assign, lease, pledge, encumber, abandon or transfer possession (each, a "Transfer"), voluntarily or involuntarily, of any of the Collateral or any of your rights, title or interest in this Agreement and any such attempted Transfer shall be null and void**. We may, without any notice to you or your consent, Transfer any of our rights under this Agreement, any Loan Schedule or any Collateral and, upon notice, you shall render all performance hereunder to such transferee. We intend to Transfer our rights to this Agreement, any Loan Schedules referencing this Agreement and any Collateral to Eastern Funding LLC, whose notice address is 213 West 35th Street, 10th Floor, New York, NY 10001. You further agree that any such transferee shall have the rights and benefits assigned, but none of the obligations, and will not be subject to any claims, defenses or set-off that you may have against us.

9) Any of the following occurrences shall constitute a default hereunder: (A) you fail to pay us any amount when due and such failure continues for 5 days after our written notice to you; (B) your breach of any representation, warranty or covenant or your failure to perform any other covenant, promise or obligations under: (i) this Agreement; (ii) any Loan Schedule; (iii) any lease or mortgage affecting the real property where any Collateral is located; (iv) any franchise agreement between you and any franchisor; (C) if the Collateral or a significant part of your assets is subject to levy or execution or other judicial process, and the same is not removed or bonded within 15 days after any lien is placed thereon; (D) your sale, attempted sale or offering for sale of any Collateral without the express written permission of Lender; (E) if any of the following events occur with respect to you or any Guarantor: (i) death, incompetence, dissolution, termination of existence, change of controlling ownership, and/or insolvency (i.e., failure to pay debts as they mature); (ii) commencement of any bankruptcy or insolvency proceedings and the same is not dismissed within 30 days; (iii) appointment of a receiver or an assignment for the benefit of creditors; (iv) the whole or partial suspension or liquidation of either of their usual business; (v) failure to pay any tax when due.

10) In the event of the occurrence of any default hereunder, at our election, we can: (A) require you and each Guarantor to jointly and severally pay to us in immediately available funds, as liquidated damages for the loss of our bargain hereunder and not as a penalty, an amount equal to: (i) all outstanding payments and other sums due and payable hereunder as of the date of the default; plus (ii) the present value of all future payments and other sums due hereunder discounted to present value at a rate equal to four percent (4%) per annum; plus (iii) all costs and expenses we incur in connection with any repossession, recovery, storage, repair, sale or other disposition of, or realization upon, the Collateral; plus (iv) interest on all of the foregoing, until paid at an annual rate of 15.9% per annum, but not in excess of the highest rate allowable by law; and/or (B) without prior demand or notice and without hereby waiving or prejudicing any other rights, powers or remedies under this Agreement and without any obligation to pay rent to you or any Guarantor, enter the Loan Schedule Premises or any other premises where our Collateral is located, peaceably by our own means, breaking locks where necessary, or with legal process, in which case you agree not to resist or interfere, to (i) take possession of any Collateral, without prior notice or process of law, for the purpose of protection and/or removal and/or sale or otherwise realize upon such Collateral in a commercially reasonable manner, and apply the proceeds to your obligations hereunder with you and each Guarantor remaining liable for any deficiency (despite the foregoing, we will give you reasonable notice of the time and place of any public sale of the Collateral, or of the time after which any private sale or any other intended disposition thereof is to be made - the requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to your notice address no less than 10 days before the time of sale or disposition and it is agreed that a sale to a vendor is a commercially reasonable method of disposition, but shall not be deemed the only commercially reasonable method of disposition and that we and/or our representative may purchase all or part of the Collateral at a public or private sale); and/or (ii) render the Collateral unusable without permanently diminishing the Collateral's value; and/or (iii) designate an interim agent (the "Interim Tenant") to operate the Loan Schedule Premises and pay Landlord all current rent and abide by all conditions of the Lease during the time it occupies the Loan Schedule Premises (if an Interim Tenant is so designated, and, during this time, Lender shall diligently attempt to locate a Replacement Tenant (defined below); and/or (iv) appoint any other person or concern (the "Replacement Tenant") to take over and operate the Collateral in the Loan Schedule Premises, in which case you, at our option, shall be deemed to have assigned, with full recourse, the unexpired term of the Lease, including any option or renewal periods, to said Replacement Tenant, provided the Replacement Tenant agrees, in writing, to comply with terms and conditions identical to all of those in the Lease (hereinafter referred to as the "New Lease"), however no past due rentals shall be the obligations of the Replacement Tenant and you shall nevertheless remain liable to the Landlord for the prompt payment of all of the rentals and the performance of all of the provisions of both its Lease and the New Lease, and, to the extent that we pay any money to Landlord (i.e., rent or past due rent, assignment fee, administrative charge, etc.) to effectuate the Replacement Tenant's occupancy of the Loan Schedule Premises, you shall reimburse us, within seven days of our demand therefore, for any amount so paid to the Landlord by us and, to the extent any such sums are not so reimbursed by you to us, they shall be chargeable with interest computed at 15.9% per annum and added to the then balance due hereunder. For purposes of this subsection (B), this Agreement shall constitute an irrevocable power of attorney from you to us authorizing us to assign the Lease, but you understand and agree that we shall not, in any way, be liable for the failure of the Interim Tenant or the Replacement Tenant to pay rent to Landlord; and/or (C) require you to assemble the Collateral, and make it available to us at any location selected by us; and/or (D) utilize any remedy available under the Uniform Commercial Code and any other remedies we may have at law, in equity or otherwise; and/or (E) seize all books and records pertaining to the Collateral. If we pursue any of the above remedies, you and each Guarantor agree to jointly and severally pay our reasonable attorneys'

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fees and costs, including court costs, repossession, storage and collection costs. You and each Guarantor further agree to pay our attorneys' fees for any lawsuit, action, or arbitration of any nature whatsoever in connection with any controversy arising out of this agreement or our relationship with you (regardless of whether any action is commenced and if so commenced, whether incurred at trial or appeal, and whether incurred prior to or after your bankruptcy), whether instituted by you or any third party. You and each Guarantor hereby waive, to the extent permitted by law, demand, diligence, presentment, notice of dishonor, protest, notice of acceleration and all other notices and rights of every kind in connection with this Agreement or any other document. Except as may be prohibited by applicable law, all of our rights and remedies, whether evidenced by this Agreement, or any other documents shall be cumulative and may be exercised singularly or concurrently. Our election to pursue any remedy will not constitute a waiver of our rights to pursue other remedies and an election to make expenditures or to take action to perform any of your obligations hereunder after your failure to perform, shall not affect our right to declare a Default and exercise our remedies.

11) The maximum interest and fees and charges in the nature of interest or finance charges shall not exceed those permitted by applicable law (the "Legal Limits") and any provision which would, on its face, require such payments in excess of the Legal Limits is hereby amended to require payments of only such amounts permitted by the Legal Limits. In the event of any payment in excess of the Legal Limits, such excess payment shall be automatically credited to the principal of the specific Loan Schedule as a permitted partial prepayment, applied to the installments in the reverse order of their respective due dates, without any prepayment fee being due with respect thereto.

12) This Agreement, the following Irrevocable Personal Guaranty, and any and all present or future obligations or agreements directly or indirectly related thereto shall be governed and construed in accordance with the laws of the State of New York. In any litigation with Lender, whether or not arising out of or relating to this Agreement: (A) all parties to this Agreement and the following Irrevocable Personal Guaranty expressly waive trial by jury and agree that proper service of process can be effected by sending the required documents to the intended recipient at the recipient's last notice address as known by the sender via the United States Postal Service, by both certified mail, return receipt requested and by first class mail; (B) you and every Guarantor expressly waives the right to interpose any defense based on extension, partial payment, any statute of limitations, any claim of laches, and any set-off, counterclaim or cross-claim of any nature or description (including but not limited to war, act of God, governmental regulation, strike, loss, damage, destruction, obsolescence, inability of Debtor to use the Collateral or any part thereof for any reason), other than actual payments made by you pursuant to this Agreement and any Loan Schedule (notwithstanding the aforementioned, to the extent that failure to interpose a set-off, counterclaim or cross-claim in an action we bring would forever bar you and each Guarantor from pursuing such set-off, counterclaim or cross-claim against us in a separate action, such set-off, counterclaim or cross-claim may be interposed in any action that we bring); (C) You and every Guarantor irrevocably submits to the jurisdiction of the courts of the State of New York and of the United States having jurisdiction in any of the following counties within the State of New York: New York, Queens, Kings, Bronx, Nassau and/or Suffolk, regardless of the venue and jurisdiction provisions of such other obligations and agreements, and agree not to raise and waive any objection to or defense based upon the jurisdiction or venue of any such court, or based upon forum non conveniens. You and every Guarantor agree not to bring any action or other proceeding with respect to this Agreement and/or any Loan Schedule or with respect to any of its obligations hereunder in any court other than the aforementioned courts unless such courts of the State of New York and of the United States determine that they do not have jurisdiction in the matter. Despite the foregoing, litigation regarding possession of the Collateral may be brought in any applicable jurisdiction.

13) We shall not by any act of delay, commission, failure to act or otherwise be deemed to have waived any right, power, privilege or remedy hereunder, and no waiver whatever shall be valid unless in a writing signed by us, and then only to the extent therein set forth, nor shall any single or partial exercise of any right, power, privilege or remedy hereunder preclude any further exercise thereof, or the exercise of any other right, power, privilege or remedy. Our waiver of any right or remedy under the terms of this Agreement or the following Irrevocable Personal Guaranty on any one occasion shall not be construed as a bar to any right or remedy which we would otherwise have on any future occasion. No executory agreement, unless in writing and signed by us, and no course of dealing between you, and/or any Guarantor and us shall be effective to change or modify or discharge in whole or in part this Agreement unless in writing and signed by us. No notice to or demand on us by you and/or any Guarantor shall entitle you or any such Guarantor to any other or further notice or demand in the same, similar other circumstances.

14) (A) All parties to this Agreement and the following Irrevocable Personal Guaranty: (i) expressly waive, to the extent permitted by law: presentment for payment; notice of dishonor; protest; notice of protest of this Agreement or the following Irrevocable Personal Guaranty; other notice of any kind and all demands whatsoever; (ii) agree not to make any claim against one another for any consequential damages; and, (iii) agree that all terms and provisions of this Agreement and the following Irrevocable Personal Guaranty: (a) shall be binding upon and shall inure to the benefit of, and be enforceable by the parties hereto, their respective legal representatives, permitted successors and permitted assigns; and, (b) are final expressions of the agreements between you, each Guarantor and us and may not be contradicted by evidence of any alleged oral agreement; (iv) represent and warrant that the other party, its agents, servants or employee have made no representation or statement whether oral or in writing, relating to or concerning this Agreement other than specifically set forth herein; (v) agree that this Agreement and the following Irrevocable Personal Guaranty may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (B) Any provision of this Agreement or the Irrevocable Personal Guaranty below that may be prohibited by applicable law shall be void and deemed deleted therefrom without invalidating any other provision thereof; (C) We will respond to your reasonable requests for a Loan Schedule payoff amount as of the specific date requested by you, but: (i) additional per diem interest will be due to us if the payoff amount is received by us after such specific date; and, (ii) if the payoff amount is received by us before such specific date, the incremental interest will be retained by us as an administrative fee; (D) In the event that any word, sentence, paragraph or article of this Agreement or the following Irrevocable Personal Guaranty is found to be void or voidable, the balance of the Agreement shall nevertheless be legal and binding with the same force and effect as though the void or voidable parts were deleted; (E) Time is of the essence in respect to each provision of this Agreement and the Irrevocable Personal Guaranty below; (F) Words used in this Agreement and the following Irrevocable Personal Guaranty: (i) as singular shall be construed to mean the plural where necessary; and, (ii) as plural shall be construed to mean the singular where necessary; (G) The necessary grammatical changes required to make the provisions of this Agreement and the following Irrevocable Personal Guaranty apply to corporations, entities or persons, women or men, shall in all

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cases be assumed as though fully expressed; (H) You hereby authorize any of his/her/its employees to act on your behalf to accept any Collateral and acknowledge receipt of same and you agrees that such acceptance shall be conclusive proof, as between you and us, that: (i) any defects in the Collateral shall not reduce or diminish your obligations under this Agreement and/or any Loan Schedule; (ii) we have fully and satisfactorily performed all covenants and conditions to be performed by us under the Agreement and any Loan Schedule; (I) You hereby authorize us to pay the seller of the Collateral; (J) By signing this Agreement and/or the Irrevocable Personal Guaranty below, the undersigned, who are either your principals or a Guarantor of your obligations, hereby provide written instruction to us or our assignee authorizing review of its/his/her personal credit profile from a national credit bureau. Such authorization shall extend to obtaining a credit profile in connection herewith and subsequently for the purposes of update, renewal or extension of such credit or additional credit and for reviewing or collecting the resulting account; (K) To the extent that any communications and notices are required by this Agreement, any Loan Schedule or the following Irrevocable Personal Guaranty, if such communications and notices are in writing they shall be deemed to have been duly given if sent by United States mail, postage prepaid, to the parties at the address first above written or below, or at such other places or places as the party addressed may have designated by written notice to the other; and, (N) Notwithstanding the aforementioned, this Agreement and the following Irrevocable Personal Guaranty may be executed: (i) in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; and, (ii) by each party and forwarded to the intended recipient by email and/or facsimile transmission, and each such electronic copy shall be deemed to be an original and will be considered an electronic transaction under any and all electronic acts including the Uniform Electronic Transfer Act and/or the Electronic Signatures in Global and National Commerce Act.

15) The Collateral and/or the suppliers and/or manufacturers thereof have been selected by you based on your own judgment. You had requested that we either order the Collateral and/or arrange for its delivery to you and/or pay for it upon your receipt thereof. You acknowledge that we did not and do not manufacture, deliver or install the Collateral nor do we represent the manufacturer or supplier thereof. WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE MERCHANTABILITY AND PERFORMANCE OF THE COLLATERAL OR OF THE COLLATERAL'S FITNESS FOR A PARTICULAR PURPOSE OR ITS COMPLIANCE WITH APPLICABLE LAW. AS BETWEEN YOU AND US, THE COLLATERAL IS BEING ACQUIRED BY YOU ON AN "AS-IS" BASIS. You may have rights against the supplier(s) and/or manufacturer(s) of the Collateral and, as such, you should contact each supplier and manufacturer for a description of any such rights.

Borrower: _____ **Lender/Secured Party: FranFund, Inc.**

By: _____ **By:** _____

Print Name & Title: _____ **Print Name & Title:** _____

Date: _____ **Date:** _____

IRREVOCABLE PERSONAL GUARANTY: Unless otherwise defined, words used herein shall have the same meaning as in the above Master Promissory Note and Security Agreement (the "Agreement"), including but not limited to the words "we" "us" and "our" referring to **FranFund, Inc.** (**"Lender/Secured Party"**) and its successors and assigns. In consideration of our making one or more loans to _____ (**"Borrower"**), the undersigned individuals hereby: (A) irrevocably, absolutely and unconditionally jointly and severally guarantee to you, regardless of the genuineness, validity, regularity or enforceability of any such loans, the full and punctual payment and performance by **Borrower** of all of its/his/her existing and future liabilities and obligations to us when due, by acceleration or otherwise, whether arising by virtue of the Agreement, any Loan Schedule or otherwise; (B) consent, without notice to the undersigned, to any and all extensions of time or terms of payment or modification of any of the obligations to us; (C) agree that upon any default by **Borrower** in the performance of any of its/his/her obligations to us, we can proceed against one, some or all of the undersigned without first having to proceed against **Borrower**; and, (D) waive acceptance or notice of acceptance of this Irrevocable Personal Guaranty. **The signatures of the undersigned are intended as an acknowledgment that they have read, understand and agree with all of the terms and conditions of this Irrevocable Personal Guaranty and the Agreement and that several provisions of the Agreement specifically apply to this Irrevocable Personal Guaranty.** The provisions hereof may not be changed orally, but only by a writing signed by us. The undersigned individuals represent and warrant to us that: (i) unless otherwise previously disclosed to us in writing, no one other than the undersigned individuals have any equity interest in **Borrower**; and, (ii) the actual percentage of each of the undersigned individuals' equity interest in **Borrower** is detailed next to each of their respective signatures.

Guarantor's Signature	Guarantor's Name	Guarantor's Notice Address	Ownership % of Borrower
X_____			
X_____			

_____ (Guarantor's Initials)

LOAN SCHEDULE _____ for the Master Promissory Note and Security Agreement (the "Loan") dated ____/____/____, bearing Application #_____ wherein the Borrower is _____ and the Lender/Secured Party is FranFund, Inc.

Other than is detailed below, the $_____ Loan proceeds are being paid to Borrower. Borrower hereby represents and warrants to Lender that all of the following equipment (the "Equipment") (a) is located in Borrower's business at _____; and (b) after payment of any Loan proceeds to any third parties, as are detailed below, will be owned by Borrower free and clear of all liens and encumbrances other than those of Lender.

Qty	Description		Qty	Description
Plus all accessions, additions and replacements thereto and all direct or indirect proceeds therefrom.				

Capitalized terms used herein shall have the same meaning as is detailed in the Loan. Borrower authorizes and directs Lender/Secured Party or its assignee to disburse the Loan proceeds to the payees designated below (to the extent that disbursements to the payees designated below are less than $_____, that balance shall be disbursed to Borrower). Disbursement by Lender/Secured Party in accordance with the foregoing instructions shall be and constitute payment and delivery to, and receipt by Borrower, of any and all of such proceeds of the principal loan amount.

Amount to Disburse	Payees	Amount to Disburse	Payees
$		$	
$		$	

Borrower hereby agrees to make a total of 84 consecutive monthly payments, the first of which is due on the date hereof with all remaining monthly payments being due on the same day of the month as is this first payment, but if: (i) today is the 31st day of the month, all remaining monthly payments shall be due on the last day of each consecutive month; (ii) today is the 29th or 30th day of a month, the February payments would be due on February 29th during leap years and on February 28th during all years other than leap years; and/or, (iii) a payment day falls on a Bank holiday or weekend, Borrower's next payment will be due on the following business day. On the due date of the last payment required by this Loan Schedule, _____ (the maturity date)*, any unpaid balance of principal and interest shall be due and payable. For monthly installments 1 through __, each monthly payment shall be $_____. On the due date of installment payment number ___ (_____), the annual interest rate will adjust to Prime plus _____%, fixed at this interest rate for all remaining consecutive monthly installments effective with monthly installment number ___ (_____), but under no circumstances will the annual interest rate ever be less than _____%. The term "Prime" as used herein refers to the Prime Rate published by the Wall Street Journal, but if the Wall Street Journal is not then being published, other major newspapers including electronic versions of newspapers. If Prime remains at the same rate that it is on the date hereof, all remaining consecutive monthly installments, starting with the ____ monthly installment, shall each be $_____. Each installment payment shall be applied first to the payment of interest on said principal sum, or so much thereof as shall from time to time remain unpaid, and then applied at Holder's discretion.

Amounts due with this Loan Schedule:			
	First Payment:	$	
	Cash Collateral:	$	
	Document & UCC Fee:	$	
	TOTAL:	$	

Electronic copies of this executed document will have the same force and effect as original executed copies, but Borrower and Lender/Secured Party agree that the version of this document with Lender/Secured Party's original signature shall constitute the original authoritative version.

Borrower: _____	Lender/Secured Party: FranFund, Inc.
By: _____	By: _____
Print Name & Title: _____	Print Name & Title: _____
Date: _____	Date: _____

* Lender/Secured Party is hereby authorized by Borrower/Debtor to insert the applicable dates.

SAMPLE

EXHIBIT G

MY SALON SUITE

FRANCHISE OPERATIONS MANUAL
TABLE OF CONTENTS

Section	Number of Pages
Introduction to the Manual	2
Introduction to the My Salon Suite	3
Suite Management	4
Tenant Relations	6
Tenant Retention	5
Managing the Property	3
Operational and Financial Procedures	4
Brand Standards Manual	15
Total pages:	42

EXHIBIT H

LIST OF CURRENT AND FORMER MY SALON SUITE FRANCHISEES

Corporate Locations as of December 31, 2016:

Last Name	First Name	Entity Name (if applicable)	Address	City	State	Zip Code	Phone Number
McAllister	Alanna	Suite Management, Inc.	3348 W. Esplanade Ave.	Metairie	LA	70002	504.881.6078
McAllister	Alanna	Suite Mgmt. of Kenner, LLC	3500 Chateau Blvd.	Kenner	LA	70065	504.881.6079

Franchisees as of December 31, 2016:

Last Name	First Name	Entity Name (if applicable)	Address	City	State	Zip Code	Phone Number
Jordan	Keith	Salon Mgt. of Austin, LLC	101 Candle Leaf Cove	Drippings Springs	NY	78620	512.431.3221
Peterson	Dan & Ana	The Salon Group, LLC	1000 Island Blvd. #2108	Aventura	FL	33160	954.817.1702
Sajeski	Chuck & Becky	Salon Cove 1, LLC	462 Harbor Drive South	Indian Rocks Beach	FL	33785	727.278.8936
Tolisano	Jay & Kerry	J & J Salon Solutions	57 Oxbow Road	Fairfield	CT	06824	203.530.3202
Roman	Dan & Melissa	MB Salon, LLC	22024 Knudsen	Grosse Ile	MI	48138	248.298.6443
Salerno	Barbie	Salamen, LLC	2845 Coppergrove Ct. NE	Grand Rapids	IN	49525	606.891.1374
Levine	Marshall	Cari Ventures, Inc.	8219 N.3rd Ave	Phoenix	AZ	85021	602.644.7141
Tomasello	Jerel & Heather	Silverlight Salons, LLC	23110 SR 54 #325	Lutz	FL	33549	813.523.0609
Tomasello	Jerel & Heather	Silverlight Salons NT, LLC	23110 SR 54 #325	Lutz	FL	33549	813.523.0609
Cummin	Scot & Kristen	Cummin Properties, Inc.	2991 Bravura Drive	Sarasota	FL	34240	239.771.3052
Dorfman	Michael & Rick	Hashkoat Investment Relations, LLC	7660 Elmbridge	Boca Raton	FL	33433	313.570.6812
Mauk	Wil & Ayten	AW Sweet Management, LLC	1249 Brooke Greene NE	Atlanta	FL	30319	404.771.3870
Bernhard	Wendy & Brian	Berwen Development Group, LLC	12157 W Linebaugh Ave #200	Tampa	FL	33626	610.306.6080
Martell	Al & Cathy	ACM Enterprises, Inc	12115 Edgefield Drive	Fishers	FL	46037	317.997.2210
VanSurksum	Amy & Rod	Amy & Roderick Vansurksum	4372 Pine Point Road	Sartell	MI	56377	320.492.1927
Kobin	Evgeny	EWBV, Inc.	105 Linden Drive	Basking Ridge	NC	07920	908.416.3845

Last Name	First Name	Entity Name (if applicable)	Address	City	State	Zip Code	Phone Number
Conant	Shane & Jayne	Shane & Jayne Conant	1101 W. Kettle Avenue	Littleton	CO	80120	303.741.0333
Capehart	Bill	WJC II Properties, LLC	2700 N. Peninsula Avenue	New Smyrna Beach	FL	32169	386.690.3255
George	Jim	James George	6060 Spruce Hill Court	Shorewood	MN	55331	612.812.6901
Tenuto	Vic & Lori	Vialor., LLC	12460 Crabapple Road	Alpharetta	GA	30004	678.776.9448
Ellison	Andrew & Julie	A & C Ventures, LLC	6005 Dumont Court	Parker	NY	75002	214.476.1040
Provo	Jim & Kim	Jim & Kim Provo	1901 Baynard Blvd.	Wilmington	DE	19802	302.233.6847
Galloway	Keith & Patricia	Galloway Management Group, Inc.	10411 Rosegate Court	Raleigh	MN	27617	919.452.4293
Skvorzov	Mike & Amanda		1749 Sabatini Drive	Henderson	NC	89502	702.353.2748
Bekirov & Rostov	Aksel & Lisa		3270 Riviera Drive	Coral Gables	FL	33134	248.875.7451
Pineda	Mario & Kim		406 Long & Winding Road	Howey in the Hills	FL	34737	352.552.2337
Hilliard	Mike & Tonya	Hilliard Investment	213 Brightwater Drive	Melbourne	FL	32909	321.431.9716
Gillaspie	Aaron	Willis Park Corporation	2800 Post Oak Blvd.	Houston	TX	77056	832.291.1964
Gillaspie	Aaron	WP Suites, LLC	2800 Post Oak Blvd.	Houston	TX	77056	832.291.1964
Allan	Tony & Lisa		32582 Crete Road	Dana Point	CA	92629	310.713.0469
Longson	Adam & Audrey		7 Harsen Road	Tenafly	NJ	07670	212.761.4061
Felder	Gene & Lynnette		15334 Lazio Court	Corpus Christi	TX	78410	361.215.5929
Flynn	Chris & Tiffany		5205 Willow Creek Rd	Castle Rock	CO	80104	720.272.3285
Zimmerman	Rob & Angie		3650 Rivers Call Blvd	Atlanta	GA	30339	770-687-8870
Commons	Tim & Marty	Commons Enterprises, Inc	5400 Hampstead Way	Johns Creek	GA	30097	678.467.4201
Trivedi	Alpesh	Satpurush Inc.	18114 Cascades Drive	Northville	MI	48168	248-880-8810
Schenkler	Sheldon & Lisa	Hayshellisa, LLC	7209 East Quaker Road	Orchard Parke	NV	14127	617.901.3079

Last Name	First Name	Entity Name (if applicable)	Address	City	State	Zip Code	Phone Number
Yanez & Ringler	Andrew & Brant	Black Eagle, LLC	1612 Summit Avenue, Suite 415	Fort Worth	TX	76102	817.475.8098
Christensen	Mark		5814 E. 10th Avenue	Denver	CO	80220	303-478-8187
Fauber	(JT) James T		136 Taylor Avenue	Salem	TX	24153	540 874-8080
Comer & Tolsma	Craig & Hilarie	Suite Management of Clinton Township, LLC,	22024 Knudsen	Grosse Ile	MI	48138	313.319.4411
Manzano	Julius & Madelein e		24151 Salerno Lane	Mission Viejo	CA	92691	206.963.6501
Leung	Patricia	MSS OC I, LLC	53 Burlingame	Irvine	CA	92602	949.510.0637
Bures & Pate	Andrew & Matthew	Bures & Pate Enterprises, Inc.	3337 Timber Valley Drive	Kokomo	GA	46902	765.438.3890
Trotter	Lori & Robert		188 Southern Sunset Cove	Driftwood	TX	78169	936.718.5395
Key	Marvin & Tish		3835 Shenandoah Street	Dallas	TX	75205	415.378.8338

Former Franchisees:

The name and last known address of every franchisee who had a My Salon Suite Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2016 to December 31, 2016, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None – Intentionally left blank

EXHIBIT I

STATEMENT OF FRANCHISEE

STATEMENT OF FRANCHISEE

[Note: Dates and Answers Must be Completed in the Prospective Franchisee's Own Handwriting]

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, Suite Management Franchising, LLC (also called "My Salon Suites", the "**Franchisor**" or "**we**"), and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

	Date		Initials	
1.	_____,	20___	_____	The date on which I received a Franchise Disclosure Document regarding the My Salon Suite Business or Salon Plaza Business.
2.	_____,	20___	_____	The date of my first face-to-face meeting with Marketing Representative to discuss a possible purchase of a My Salon Suite Business or Salon Plaza Business.
3.	_____,	20___	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4.	_____,	20___	_____	The date on which I signed the Franchise Agreement.
5.	_____,	20___	_____	The earliest date on which I delivered cash, check or other consideration to the Marketing Representative or an officer of Franchisor.

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side agreements," options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or an attached written Addendum signed by me and My Salon Suites, except as follows:

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of My Salon Suites, were made to me by any person or entity, nor have I relied in any way on same, except as follows:

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

3. No oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from the My Salon Suite Business or Salon Plaza Business was made to me by any person or entity, nor have I relied in any way on same, except as follows:

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written addendum signed by me and My Salon Suites:

_____

_____

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and My Salon Suites has strongly recommended that I obtain such independent advice. I have also been strongly advised by My Salon Suites to discuss my proposed purchase of My Salon Suite Business or Salon Plaza Business with any existing My Salon Suites franchisees prior to signing any binding documents or paying any sums and My Salon Suites has supplied me with a list of all existing franchisees if any exist.

7. I understand that a) entry into any business venture necessarily involves some unavoidable risk of loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a My Salon Suite Business or Salon Plaza Business or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any My Salon Suite Business or Salon Plaza Business, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, sound judgment, and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform My Salon Suites (Phone: (855) 677-3726) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

PROSPECTIVE FRANCHISEE:

_____ _____
Date

_____ _____
Date

_____ _____
Date

_____ _____
Date

MARKETING REPRESENTATIVE:

_____ _____
Date

REVIEWED BY FRANCHISOR:

By:_____

Its: _____

Date: _____

EXHIBIT J

RECEIPT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Suite Management Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa, New York, or Rhode Island law, if applicable, Suite Management Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Suite Management Franchising, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Suite Management Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on **Exhibit J**.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Ken McAllister, Suite Management Franchising, LLC, 3900 N. Causeway Blvd., Suite 1200, Metairie, LA 70002; Telephone: (855) 677-3726

Issuance Date: **March 29, 2017**

I received a disclosure document issued **March 29, 2017** which included the following exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Option Agreement
Exhibit D	List of State Administrators/Agents for Service of Process
Exhibit E	State Addenda and Agreement Riders
Exhibit F	Contracts for use with the Franchised Business
Exhibit G	Operations Manual Table of Contents
Exhibit H	List of Current and Former Franchisees
Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Exhibit J	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Suite Management Franchising, LLC, 3900 N. Causeway Boulevard, Metairie, Louisiana 70002.