WordPerfect Document Compare Summary

Original document: D:\AAA Masters\2 Development Clients\Preppy Pet\2020 July NY-CA Branch Versions\PreppyPetCAFDD7.22.2019.wpd
Revised document: D:\AAA Masters\2 Development Clients\Preppy Pet\2020 July NY-CA Branch Versions\PreppyPetCA.NYFDD7.2020-No_SBA.wpd
Deletions are shown with the following attributes and color:
~~Strikeout~~, Blue RGB(0,0,255).
Deleted text is shown as full text.
Insertions are shown with the following attributes and color:
Double Underline, Redline, Red RGB(255,0,0).
Moved blocks are marked in the new location, and only referenced in the old location.
Moved block marks are shown in the following color:
Orange RGB(255,200,0).

The document was marked with 152 Deletions, 140 Insertions, 1 Move.

Franchise Disclosure Document

PREPPY PET FRANCHISES, INC.
A Florida Corporation
57 West Michigan Street
Orlando, Florida 32806
JG@PreppyPet.com
http://www.PreppyPet.com
407-420-1060

The franchisor is offering a franchise license for the operation of a business that will provide pet boarding, daycare, grooming salon and spa services under the name "PREPPY PET."

The total investment necessary to begin operation of a Preppy Pet 2.5 Franchise is between $105,950 and $210,400. This includes $19,900 as an Initial Franchise Fee and $~~3~~40,000 to $~~4~~50,000 that must be paid to the franchisor for kennel suites. A Preppy Pet 2.5 business typically operates out of a location of 2,500 to 3,000 square feet of space ~~and can~~(but may contain more) and is limited to a maximum of 72 kennels.

Our ~~Standard~~Original Preppy Pet Franchise is operated in a larger location, typically between 3,000 and 6,000 square feet without kennel capacity limitations and is available for an Initial Franchise Fee of $34,500 and your initial investment will be between ~~$138,700~~$150,300 and ~~$258~~$275,~~200~~000. The cost for kennel suites will range from $~~4~~50,000 to $~~6~~70,000 that must be paid to us.

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 Jerry Gore at 57 West Michigan Street, Orlando, Florida 32806 and 407-420-1060.

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

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

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

THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT IS ~~APRIL 30, 2019.~~

~~STATE COVER PAGE~~

JULY 27, 2020.

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Preppy Pet franchise in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Preppy Pet franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires ~~a~~ franchisors 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 THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.~~

~~**Call the state franchise administrator listed in Exhibit F for information about the franchisor, about other franchisors, or about franchising in your state.**~~

~~**Please consider the following RISK FACTORS before you buy this franchise.**~~

1. THE FRANCHISE AGREEMENT REQUIRES THAT THE FRANCHISEE ARBITRATE DISAGREEMENTS WITH THE FRANCHISOR ONLY IN THE STATE OF FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN FLORIDA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW.

3. IN SOME CASES, YOUR SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTEE, MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

4. YOU MUST MAKE MINIMUM ROYALTY OR ADVERTISING FUND PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND A LOSS OF YOUR INVESTMENT.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

WE 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 REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD MAKE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.

franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

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

Special Risks to Consider About This *Franchise*

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

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

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

PREPPY PET FRANCHISES, INC.

FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language in this Disclosure Document, “We” or "PPFI" means PREPPY PET FRANCHISES, INC., the franchisor. "You" means the person(s) who buy(s) the franchise. Preppy Pet Franchises, Inc. is a Florida Corporation chartered on November 3, 2005. It began operations on January 1, 2006. Our principal place of business is at 57 West Michigan Street, Orlando, Florida 32806 (Telephone Number 407-420-1060)

We have one affiliate, Preppy Pet Inc. also based at our Orlando headquarters. It was founded by Jerry and Melanie Gore in September 2003 and operates a pet boarding facility under the Preppy Pet name offering daycare, salon and spa services from 55 West Michigan Street, Orlando, Florida. This business provides the basis for the business plan that is shared with franchisees under the Preppy Pet Franchises, Inc. Franchise Agreement.

Our agent for service of process in Florida is Jerry Gore. Refer to the Schedule of State Agencies attached for information on the agent for service of process in other states where we may be registered.

We grant franchises the right to market, sell and deliver upscale pet boarding services including daycare, grooming salon and spa services primarily serving dogs, but offering limited services to cats and other pets. Franchisees will market and operate their businesses under the trade name “Preppy Pet” for which we have received a Trademark on the United States Patent and Trademark Office Principal Register.

We charge a different initial franchise fee for franchised locations that will be less than 3,000 square feet, which we call our Preppy Pet 2.5 locations, than we do for what we call our ~~Standard~~Original Preppy Pet locations, which will be in the range of 3,000 to 6,000 square feet. The cost to open the larger locations also is higher than the smaller 2.5 locations, all as shown in detail in Item 7 in this Disclosure Document.

Franchisees operate from an approved location within their protected territory that has been decorated to our standards, and they must utilize products from our approved list of vendors. Our website identifies and describes the benefits of our services and lists each our operating units. Licensees generate revenues by boarding pets overnight and providing daycare services in climate controlled suites and play areas, utilizing our name, operating systems, and procedures.

We will teach you our methods for managing your business and assist you in implementing our system of marketing Preppy Pet services. We will assist you in selecting a suitable territory and a suitable facility within that area. We will train you in methods to complete remodeling, decorating and equipping your facility. We will provide procedures for marketing your services to local pet owners; for obtaining referrals; for recruiting and for teaching your staff to promote and deliver the services offered by the franchise network.

We will provide start-up marketing assistance in your city; and conduct research and analysis of new services and products for you to offer in the future. We award you the right to use our name and logo in your market for soliciting business, in advertising, signage, brochures, letterhead and business cards. We will also add your franchise’s contact information to our web site to help you gain name recognition in your community and generate sales leads.

We have been offering franchises since January 16, 2006. We have not granted franchises in any other lines of business. We, or our affiliate, Preppy Pet, Inc. may, in the future, operate Preppy Pet businesses in various markets that we do not currently service, but we will not encroach on the territory of a franchisee. We currently operate the website, www.preppypet.com which promotes our services through the internet. We will add new franchisees’ contact information to this website when they are trained and prepared to service their markets.

There are no known state or federal regulations specific to the operation of a Preppy Pet care services facility. You will, however, be required to comply with numerous government regulations affecting the operation of your

franchise and your relationship with employees, including local zoning regulations, minimum wage requirements, overtime, working conditions and citizenship requirements. There may be other laws applicable to your business and we urge you to make further inquiries of your advisors and local government officials about such regulation.

You will compete with other businesses offering similar services. The pet care services industry is experiencing growth and a proliferation of businesses (and individuals) that offer alternative services and products that are locally, regionally or nationally owned. The industry typically experiences increased revenue fluctuations in line with holiday and vacation schedules.

2. BUSINESS EXPERIENCE

President, Chief Executive Officer and Treasurer: Jerry Gore

Since September, 2003, Mr. Gore has served as President of Preppy Pet, Inc, where he is assisted by his wife and son. In August, 2004, Preppy Pet, Inc. purchased a 10-year old retail business that originally operated as Pet and Feed Supercenter and was later operated as Airport Pet. That business was closed in 2014. He assumed his current position with Preppy Pet Franchises, Inc. at inception in October 2005.

Sales and Operations VP: Melanie Gore

Ms. Gore has served as Vice President of Preppy Pet Inc. since its founding in September 2003 and she assumed her current position with Preppy Pet Franchises Inc. at its formation in October 2005.

Operations Manager: Danny Gore

From 2003 until March 2009, Mr. Gore was employed by our affiliate, initially working at our Preppy Pet boarding center and from August 2004 until March 2009, he managed Airport Pet. He became our Franchise Sales Manager in March 2009 and took on his current role in 2015.

3. LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

5. INITIAL FEES

Franchisees pay an Initial Franchise Fee ranging from $19,900 to $34,500 for a license to operate one Preppy Pet franchise at a specific site within a protected geographic territory for a term of 15 years. We have two offerings available based on the size of your facility, the traffic count at your business, the demographics of your territory, and other factors. The smaller franchise is called Preppy Pet 2.5 and franchises occupy sites with 2,500 to 3,000 square feet of space and have a maximum of 72 kennels. ~~Standard~~Original Preppy Pet franchises occupy sites with over 3,000 square feet of space and do not have a limit on the number of kennels they utilize. Initial Franchise Fees are $19,900 for a 2.5 Franchise and $34,500 for a ~~Standard~~Original Franchise. The royalties and other fees are the same for the two types of locations, as the only difference is the size of the facility and their capacity of kennels. Payment must be made in a lump sum at the time you sign your Franchise Agreement and it is considered earned and non-refundable at that time. These Fees are expected to be uniform in 20~~19~~20.

If you are a qualified veteran of the United States Armed Forces, and you purchase an Original Preppy Pet franchise, your franchise fee will be ten percent (10%) less than the then current full Initial

Franchise Fee in effect at the time of signing your first Franchise Agreement. A qualified veteran is defined as a former member of the United States Armed Forces who was Honorably Discharged as indicated on Form DD214. The Form DD214 must be presented to us prior to the purchase of the franchise to qualify for the discount.

There is no discount available for the purchase of a Preppy Pet 2.5 franchise.

During the calendar year ended, December 31, 2018 seven new franchises were sold. Six were Preppy Pet 2.5 units and each paid $19,900 in Initial Franchise Fees. An existing franchisee purchased a second Preppy Pet 2.5 and paid $14,925 under the 25% discount for multiple units as noted below.

If you purchase a Preppy Pet 2.5 Franchise, you may expand to become a ~~Standard~~Original Preppy Pet Franchise by paying the difference between your Initial Franchise Fee and the Fee charged new franchisees for a ~~Standard~~Original Preppy Pet Franchise at the time you wish to expand. During the term of your license, additional franchises to operate kennels under the Preppy Pet mark may be purchased, if available, and you are in full compliance with all agreements you have with us, at a rate of seventy-five percent (75%) of the then current Initial Franchise Fee being charged new franchisees.

6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty[1]	6.5% of Total Gross Receipts A minimum monthly Royalty of $500 will commence on the first anniversary of your businesses' opening.[5]	Payable Monthly by tenth day of the following month based on the Royalty Report you must submit. Subject to $50 late fee plus 1½% per month interest if not received within 7 days of the due date.[2]	Total Gross receipts includes all revenue collected by the franchise.[3] Gross receipts does not include sales nor use taxes. You must permit us to debit your bank account for Royalties due.

Advertising Fees[1]	Up to 2% of Monthly Sales	We may in the future require you to pay up to 2% of your Monthly Sales into a National Advertising Fund. These funds will be payable Monthly by the tenth day of the following month, based on the Advertising Fund Report that you must submit.[2]	We will utilize the National Advertising Fund to promote the system's services and to produce advertising media for use in local markets.[4] We will debit your bank account for Advertising Fees due.
Local Advertising[1]	We require that you spend at least an additional 5% of your monthly sales on local advertising.	When billed by local vendors.	You will pay your vendors directly.
Additional Franchise Management Training[1]	$750 per person is the current charge for the training of employees in excess of the two provided for in your initial franchise fee.	2 weeks prior to beginning of training.	We train 2 persons free. See Item 11.
Transfer[1]	If you sell your franchise to someone else, there will be a one-time Transfer Fee of Twenty-Five Percent (25%) of the then-current Initial Franchise Fee or $10,000, whichever is higher, charged to the purchaser.	Prior to consummation of transfer.	Payable when you sell your franchise and includes 2 seats for Franchise Management Training. No charge if the franchise is transferred to a corporation which you own.
Renewal Fee[1]	Ten Percent (10%) of the Initial Franchise Fee being charged new franchisees at the time of the renewal will be due us when you renew your Franchise License at the end of its 15 year term.	30 days before renewal (at the end of your 15 year license).	Payable to us.

Audit[1]	If we feel it is necessary to audit your books and an underpayment of 3% or more is discovered, in addition to any under payment, you must pay us the cost of the audit plus 18% annual interest and 15% of the underpaid royalty.[2]	3 days after billing.	Payable by you only if an audit shows an under-payment of at least 3% of gross receipts for any month or if we performed the audit due to your failure to report revenues.

1 All fees are imposed by and are payable to us. All fees are non-refundable.

2 You must permit us to debit your checking account or charge a credit card for payment of your Royalty and Advertising Fees based upon reports that you must fax or email to headquarters each month. Interest begins from the date of any underpayment.

3 You must pay royalties on all funds collected by your business. In a case where you are unable to collect from a customer, no royalty will be due on that amount.

4 When 25 franchises are open for business, we have the right to institute a National Advertising Fund and require that you and all franchisees pay up to 2% of monthly sales into the fund. We will administer the Preppy Pet Ad Fund with the guidance of a committee consisting of Franchise Owners and our representatives. Such a program will not be initiated earlier than when 25 franchises exist, unless 75% of the Franchisees then in operation agree that the program should commence when a minimum of 10 franchises exist. At such time, if ever, that an Advertising Fund is implemented, we will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of our company-owned, or affiliate-owned, Preppy Pet operating units' revenues to the fund. We will notify all franchisees 90 days before implementing an Advertising Fund and collecting these fees. (See Section 11, Paragraph 8 for further details on the proposed Advertising Fund.)

5 Beginning in the thirteenth month or your franchise's opening you must pay a minimum monthly Royalty of $500, regardless of the Total Gross Receipts collected for the period. However, if the average monthly Royalty paid during the preceding six (6) months exceeds the minimum Royalty due by 10% or more, no minimum will be imposed for that month, regardless of your total gross receipts during the current month.

7. ESTIMATED INITIAL INVESTMENT

PREPPY PET 2.5 FRANCHISE
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1]	$19,900	Lump Sum	At signing of Franchise Agreement	Preppy Pet Franchises
Travel & Living Expenses while Training	$300 to $2,500	As Incurred	During Training	Airlines, Hotels, & Restaurants
Leasehold Improvements[2]	$5,000 to $20,000	As Incurred	Before Opening	Local Vendors
Equipment, Supplies & Signage[3]	~~$43~~$54,~~250~~ 000 to ~~$63~~$76,500	As Incurred	Before Opening	Preppy Pet Franchises or other Vendors
Start Up Promotion[4]	$6,000 to $12,000	As Incurred	Before Opening	Vendors
Miscellaneous Opening Costs[5]	$1,500 to $2,500	As Incurred	Before Opening	Vendors
Security and Lease Deposits[6]	$5,000 to $15,000	Before Opening	Before Opening	Landlord
Additional Funds[7]	$25,000 to $75,000	As Incurred	During the initial 6-month period	Vendors
TOTALS	$105,950[1] to $210,400			

Notes:

1 See Item 5 for details on when reductions may apply.

2 A suitable facility for a Preppy Pet 2.5 franchised business will include 2,500 to 3,000 square feet of leased or owned space. You may lease or purchase a larger space than 3,000 square feet, however, your franchise will be limited to a maximum of 72 kennels. You may grow, and upgrade to a Preppy Pet ~~Standard~~Original Franchise at any time by paying the difference between the amount you paid for your Preppy Pet 2.5 franchise and the then current amount being charged for a ~~Standard~~Original Preppy Pet Franchise. You ~~may~~will incur leasehold improvement costs and you will

pay ongoing rental fees for the space. If you purchase the property where you operate your franchise, these expenses will not apply.

3 Equipment includes items in the following chart:

PC Computer with a minimum of 500 gigabytes SSD (or hard drive) and a processor running at 3.0 gHz or more, 4 Gigabytes Ram, and a CD drive.	$750 to $1,250
Office Equipment, Supplies, and Signage	$3,250 to $6,750
Accounting and Kennel Management Software	$1,000 to $1,500
Kennel Equipment and Supplies	$8,000 to $12,000
Kennel Package	$~~3~~40,000 to $~~4~~50,000
Kennel Package Shipping	~~$250~~$1,000 to $~~1~~2,000
Kennel On-Site Set-Up (Optional)	$0 to $~~1~~3,000
TOTALS	~~$43~~$54,~~250~~000 to ~~$63~~$76,500

4 Start Up Promotion. We have developed advertising campaigns that will introduce your franchise's boarding, daycare and grooming services to your marketplace. You will arrange with various vendors to execute these programs 30 days prior to and 90 to 180 days after opening. Your investment in Start Up Advertising will vary, depending on the capacity of your facility and your short-term goals.

5 Miscellaneous Opening Costs include costs of general liability insurance; office supplies; printed forms; the installation of two telephone lines; government license fees and incorporation.

6 The figure for "Security Deposits" assumes that you will pay the first and last month's rent and typical utility deposits when you sign your lease.

7 Additional Funds estimates the cash or credit lines you should have available when you open your business to cover any expenses that exceed revenues during the first three to six months. These expenses include payments for your staff, but not you. You should plan on covering personal expenses without making draws on the business for six months to one year from the date of opening. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic

conditions; the local market for your Preppy Pet services; the prevailing pay rates; competition; and the sales level reached during the initial period.

8 To create these estimates of how much you may spend during the time from signing your Franchise Agreement until you reach break even, we relied on our management team's experience in the pet care services business to compile these estimates. You should review these figures carefully with a business advisor before making a decision to purchase the franchise.

~~STANDARD~~ORIGINAL PREPPY PET FRANCHISE
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1]	$34,500	Lump Sum	At signing of Franchise Agreement	Preppy Pet Franchises
Travel & Living Expenses while Training	$300 to $2,500	As Incurred	During Training	Airlines, Hotels, & Restaurants
Leasehold Improvements[2]	$5,000 to $30,000	As Incurred	Before Opening	Local Vendors
Equipment, Supplies & Signage[3]	$~~59~~71,~~400~~000 to ~~$87~~$103,~~90~~0500	As Incurred	Before Opening	Preppy Pet Franchises or other Vendors
Start Up Promotion[4]	$6,000 to $12,000	As Incurred	Before Opening	Vendors
Miscellaneous Opening Costs[5]	$1,500 to $2,500	As Incurred	Before Opening	Vendors
Security and Lease Deposits[6]	$7,000 to $15,000	Before Opening	Before Opening	Landlord
Additional Funds[7]	$25,000 to $75,000	As Incurred	During the initial 6-month period	Vendors
TOTALS	~~$138,700~~[+]$150,300[1] to ~~$258~~$275,~~200~~000			

Notes:

1 See Item 5 for details on when reductions may apply.

2 A suitable facility for our ~~Standard~~Original Preppy Pet franchised business will include 3,000 to 6,000 square feet of leased space. You may incur leasehold improvement costs and you will pay ongoing rental fees for the space.

3 Equipment includes items in the following chart:

PC Computer with a minimum of 500 gigabytes SSD (or hard drive) and a processor running at 3.0 gHz or more, 4 Gigabytes Ram, and a CD drive.	$750 to $1,250
Office Equipment, Supplies and Signage	$5,250 to $8,750
Accounting and Kennel Management Software	$1,000 to $1,500
Kennel Equipment and Supplies	$12,000 to $14,000
Kennel Package	$~~4~~50,000 to $~~6~~70,000
Kennel Package Shipping	~~$400~~$2,000 to $~~1~~3,~~200~~000
Kennel On-Site Set-Up (Optional)	$0 to $~~1~~5,~~200~~000
TOTALS	$~~59~~71,~~400~~000 to ~~$87~~$103,~~900~~500

4 Start Up Promotion. We have developed advertising campaigns that will introduce your franchise's boarding, daycare and grooming services to your marketplace. You will arrange with various vendors to execute these programs 30 days prior to and 90 to 180 days after opening. Your investment in Start Up Advertising will vary, depending on the capacity of your facility and your short-term goals.

5 Miscellaneous Opening Costs include costs of general liability insurance; office supplies; printed forms; the installation of two telephone lines; government license fees and incorporation.

6 The figure for "Security Deposits" assumes that you will pay the first and last month's rent and typical utility deposits when you sign your lease. These expenses may not apply if you purchase the property your franchise occupies.

7 Additional Funds estimates the cash or credit lines you should have available when you open your business to cover any expenses that exceed revenues during the first three to six months. These expenses include payments for your staff, but not you. You should plan on covering personal expenses without making draws on the business for six months to one year from the date of opening. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your Preppy Pet services; the prevailing pay rates; competition; and the sales level reached during the initial period.

8 To create these estimates of how much you may spend during the time from signing your Franchise Agreement until you reach break even, we relied on our management team's experience in the pet care services business to compile these estimates. You

should review these figures carefully with a business advisor before making a decision to purchase the franchise.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All Preppy Pet franchisees offer the same menu of services. Any materials you utilize in providing services or products sold by your Preppy Pet franchise must be approved by us. All purchases must be purchased from our approved vendors. We may make occasional sales to you if a supplier is unable to provide prompt delivery of products. There are no purchasing arrangements with any suppliers for the benefit of our franchisees.

We estimate that less than 50% of your opening purchases will be purchased from us, our affiliates or our approved vendors and we anticipate that no more than 10% of your future purchases will be made from us or our affiliates.

You must also purchase flyers, business cards, signs, marketing materials and supplies in accordance with quality standards set forth in the Operations Manual. These specifications include standards for quality, reliability and delivery. These products may be offered by us but may be purchased from any vendor of your choosing.

During 2018~~9~~, ~~$182~~$121,~~448~~901 of our Revenues came from the sale of Kennel Suites to new franchisees, representing ~~27%~~24.3% of our total revenues of ~~$677~~$500,~~727~~885. In 2018~~9~~, our affiliate, Preppy Pet, Inc, did not make any sales nor collect any fees from our Franchisees. There are no other suppliers or vendors in which our officers own an interest. There are no purchasing or distribution cooperatives. We do not provide material benefits to you based on your purchase of particular products or services or your use of particular suppliers. Our Kennel Suites and the kennel management software that you will use to manage your business are the two items that you must use to comply with your Franchise Agreement. We supply supplemental telephone support for the software that would not be available with other vendors' products. We provide a list of suggested vendors for your build-out equipment and materials but if you find products with similar specifications, you may use them. If you wish to find alternative kennel suites, we will provide you with the minimum standards necessary, review a sample and provide a letter of acceptance or rejection based on this study within 30 days of your submission.

9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATION IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 & 4D of Franchise Agreement	Items 7 & 11
b. Pre-opening purchase/leases	Sections 4 & 5 of Franchise Agreement	Items 6 & 7

c. Site development and other pre-opening requirements	Sections 2, 4 & 5 of Franchise Agreement	Items 7 & 11
d. Initial and ongoing training	Sections 4A & 5A of Franchise Agreement	Item 11
e. Opening	Sections 2, 5B, & 5C of Franchise Agreement	Item 5 & 11D
f. Fees	Section 3 & 6 of Franchise Agreement	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Section 5 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Section 5C of Franchise Agreement	Items 13 & 14
i. Restrictions on products/ services offered	Section 5C of Franchise Agreement	Items 8 & 16
j. Warranty and customer service requirements	Section 5B, 5C & 5E of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 6A of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Section 5E of Franchise Agreement	Items 8 & 16
m. Maintenance, appearance and remodeling requirements	Section 5K of Franchise Agreement	Item 11
n. Insurance	Section 5I of Franchise Agreement	Items 7 & 11
o. Advertising	Section 5G of Franchise Agreement	Items 6 & 7
p. Indemnification	Section 7 of Franchise Agreement	Item 13
q. Owner's participation/ management/staffing	Section 5B of Franchise Agreement	Item 15
r. Records and reports	Sections 5H, 6A & 6B of Franchise Agreement	Item 6
s. Inspections and audits	Section 5H of Franchise Agreement	Item 6

t. Transfer	Section 11 of Franchise Agreement	Items 6 & 17
u. Renewal	Section 8 of Franchise Agreement	Items 6 & 17
v. Post-termination obligations	Section 10 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 15 & Addendum B of Franchise Agreement	Item 17
x. Dispute resolution	Sections 18 & 20 of Franchise Agreement	Item 17
Y. Other (describe)	NA	NA

10. FINANCING

We do not offer financing or guarantees of any other costs or leases associated with opening or operating your franchise.

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

Except as listed below, Preppy Pet Franchises, Inc. is not required to provide you with any assistance.

A. Prior to Opening:

1 We will assign your Protected Territory and protect you from having another franchisee, us, or our affiliates, open a Preppy Pet business within your Protected Territory. (Franchise Agreement - Paragraph 2 and Addenda A and C)

2 Within 90 days of your signing the Franchise Agreement, we will provide a one week class called Preppy Pet Academy to train you and one other person at or near our Orlando headquarters. (Franchise Agreement - Paragraph 4 Sections A, B and D)

3 Shortly after signing your Franchise License, we will forward our Site Selection and Build Out Manual to guide you in finding and remodeling a facility for your Preppy Pet franchise. We will train you in its use by phone and the internet. (Franchise Agreement - Paragraph 4 Sections A, B and D)

The training will include information on the following topics:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Industry Overview, Entrepreneurship, Your Facilities, Profit Centers, Equipment, Human Resources	3	2	Preppy Pet Orlando
Kennel Set-Up, Maintenance, Cleaning, Repairs & Replacement	0	4	Preppy Pet Orlando
Marketing & Sales	4	0	Preppy Pet Orlando
Animal Care–Feeding, Medications & Documentation, Animal Handling–Exercise, Daycare, Rotation, Baths, Drying, Pedicures, Bandanas, Perfume	0	4	Preppy Pet Orlando
Business Controls–Budgets, Computing, Compliance, Government Forms	4	0	Preppy Pet Orlando
Dog Breeds Office Procedures–Check-In, Check-Out	0	4	Preppy Pet Orlando
Software Training-Admittance/Departure	4	8	Preppy Pet Orlando
Preppy Pet Academy Final Exam Review and Retraining, Graduation	3	0	Preppy Pet Orlando
Suite Layout & Set-up–Phone Training & Support–Pricing, Services, Contracts, Software	0	4	Phone Training
Quick Books–Chart of Account Set-Up	0	4	Phone Training
Search Engine Marketing–Setting Up Marketing Campaigns	0	4	Phone Training

The cost of this training is included in your Initial Franchise Fee but you must pay the travel and living expenses for yourself and your employee(s) for the 5 days you will spend learning our system. Training occurs at, or near our Headquarters in Orlando. Training is conducted by Melanie and Jerry Gore. The Gores have been active in the affiliate and our company since 2003. Phone Training is completed when you have returned to your Preppy Pet franchise and is conducted over the telephone and internet with our instructors. There are no additional required training programs or refresher courses.

A. During the operation of the franchised business, we will:

1 Provide your unit's contact information on our website to assist prospects in contacting your franchise. (Franchise Agreement - Paragraph 4F)

2 Maintain a telephone advisory service to provide a prompt response to your sales, operational, administrative and management questions regarding the operation of your franchise. (Franchise Agreement - Paragraph 4A, (ii))

3 Identify new services and products and train you in methods for implementing them in your business. We will also provide you with information about developments in the industry that may impact your business. (Franchise Agreement - Paragraph 4B & 4C).

4 Lend you a copy of our Operations Manual and Site Selection and Build Out Manual which contain mandatory and suggested specifications, standards and procedures. This manual is confidential and remains our property. (Franchise Agreement - Paragraph 4B). The table of contents of our current Operations Manual follows this section. This manual currently consists of approximately 135 pages. We will also lend you a copy of our affiliate's Employee Handbook that you must change to meet local needs and state laws and then share with your employees.

5 When a sufficient quantity of franchises are operating, we may hold annual conferences to discuss improvements in the Preppy Pet system, sales and pricing techniques, improved operating techniques, quality control, advertising programs and accounting. We may or may not charge you a conference fee but you must pay all your travel and living expenses. These elective conferences may be held at our Orlando headquarters or at other locations of our choosing. (Franchise Agreement - Paragraph 4B)

6 We may, from time-to-time, develop advertising and marketing materials for use in your territory. You will receive samples of these items at no charge. If you want additional copies you must pay us or other vendors for them. You may develop advertising materials for your own use, at your own cost. We must approve these materials in writing in advance of their use. Your franchise agreement requires that you spend at least 5% of your franchise unit's sales in local marketing. In addition, in the future, we may require that you and all franchisees pay up to 2% of monthly sales into a National Advertising Fund. The Preppy Pet Ad Fund will be administered by us but we will seek the guidance of a committee consisting of Franchise Owners and our representatives. Each year that the fund is active, a compilation of its financial activities will be prepared by an independent CPA and shared with all franchisees. In addition, any advertising funds not spent in the year collected will remain in the fund to be expended in future years. Such a program will not be initiated earlier than when 25 franchises exist, unless 75% of the Franchises then in operation agree that the program should commence when a minimum of 10 franchises exist. At such time, if ever, that an Advertising Fund is implemented, we will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of our company-owned or affiliated company-owned Preppy Pet units' revenues to the fund. (Franchise Agreement - Paragraph 4E). No part of the Advertising Fund will be used to solicit new franchise sales.

You will be required to establish and maintain GoogleAd and Bing Ad marketing programs for both Pay-Per-Click and Organic ad listings.

B. Computer Purchases

You are required to have a computer for developing a database of your clients, scheduling your appointments, maintaining communications over the Internet and to produce your accounting records. Your system and its software must properly communicate with our systems to permit report submission and to access the Internet for communicating with us. We retain the right to access your computer to review scheduling and accounting details within your Quickbooks or Kennel management software or other software that you may utilize.

You will need a Windows-Based Computer with a minimum of a 500 gigabytes SSD (or hard drive) and a processor running at 3.0 gHz or more, 4 Gigabytes Ram, and a CD drive. You will also need to purchase the kennel management software package that we specify. While we have researched the products available and are confident in our selection, we reserve the right to require utilization of a new software solution in the future. We estimate the cost of this purchase to be between ~~$500~~$1,000 and $1,500 or you may be able to purchase monthly subscriptions for the required software. We estimate that your costs to maintain and upgrade the hardware and software to be approximately $1,000 per year.

~~D~~C. Site Selection and Opening

We anticipate that franchisees will typically open their units 3 to 6 months after they sign a franchise agreement. You must obtain our approval based on the standards that we will share with you during your training. We will assist you in the site selection process and we reserve the sole right of final review and consent to any location of your kennel. We use available demographic information to help you evaluate the site and the area in which it is located. In addition, we may withhold our consent if we feel that the costs, term, renewal terms or stipulations could be detrimental to your success as a franchisee. Our final review and consent to the location of your center is not a guarantee that a Preppy Pet business can be successfully operated there or anywhere else.

The factors that affect the time to open your unit may include your ability to obtain a lease, financing, construction or building permit delays, zoning and local ordinances, weather conditions, shortages, and delayed delivery of equipment. There is a requirement that you open your franchise within 180 days of signing your Franchise Agreement, unless you receive a written extension of this time. (Franchise Agreement - Paragraph 4 Section D). We will consider an extension if we believe that you have been acting diligently to secure a site and get your business open or if your opening is delayed by factors beyond your control.

~~E~~D. Insurance and Indemnification

You must maintain adequate insurance and indemnity coverage throughout the term of your Franchise Agreement and any extension thereof as mandated by our Operations Manuals. You must also indemnify, or reimburse us for, any losses or expenses we incur as a result of your actions or inaction. You must obtain coverages provided by a carrier with an A.M. Best rating of A or higher, and in connection therewith to identify us as a named insured to the extent of our interest. (Franchise Agreement - Paragraph 5 Section I)

Prior to opening your business, you must deliver to us certificates or policies evidencing that your insurance is in full force and effect, and each year during the term of this Agreement, you must furnish premium receipts or other satisfactory evidence that such policies have continued in effect. Should you fail to maintain the required insurance, or furnish proof thereof, we have the option to obtain such

insurance for you at your sole cost. You must promptly notify us of any and all claims under said policies of insurance against your franchise, us and/or our employees or agents of either.

~~F~~E. Refurbishment, Remodel or Replace

You must maintain the appearance of your care services facility and keep its equipment in good working order. Each five (5) year anniversary you are required to remodel the facility to the then current standards. The equipment may be either refurbished or replaced. If, upon inspection, the facility and equipment have not been maintained to standards, we may notify you in writing that you must bring the facility and equipment up to the then current standards within one hundred twenty days.

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12. TERRITORY

You will receive an Exclusive Territory providing a buffer around your kennel ensuring that no other Preppy Pet boarding center will be located closer than 3 to 10 miles from your facility depending on local demographics and population density. Your territory will be defined by zip codes, county or municipal boundaries, geographic or highway boundaries, or logical marketing areas. You are to operate only one Preppy Pet facility from a location that we have approved within your Exclusive Territory as defined in your Franchise Agreement. If you purchase a Preppy Pet 2.5 Franchise, you are restricted to a maximum of 72 kennels. As a ~~Standard~~Original Preppy Pet Franchise, there are no restrictions on the number of kennels you may have at your facility. You are permitted to accept guests from any area, regardless of the availability of a center that is closer to their residence, however, you may not, unless advertising with other Preppy Pet Franchisees, target customers with direct mail marketing nor advertise in telephone, internet or similar directories that target areas outside your territory nor may you establish mailing addresses for your Preppy Pet business that would lead others to believe that you offer services outside of your Exclusive Territory. There are no contractual restrictions preventing us from soliciting or accepting orders within your Exclusive Territory, but given the pet boarding nature of the business, there is no way for us to fulfill any order in your Territory since we will not have a location there.

If you purchase a Preppy Pet 2.5 Franchise, you may expand to become a ~~Standard~~Original Preppy Pet Franchise by paying the difference between your Initial Franchise Fee and the Fee charged new franchisees for a ~~Standard~~Original Preppy Pet Franchise at the time you wish to expand. During the term of your franchise, you may purchase rights to open another Preppy Pet facility in another territory, if a suitable territory is available, for a fee of seventy-five (75) percent of the rate being charged new franchisees at the time of your purchase. This is only available if you are in compliance with the terms of the franchise agreement.

You do not have to generate a minimum level of gross receipts to maintain your Exclusive Territory, although there will be a minimum Royalty due beginning in the 13th month of operations as described above in Section

6. If you desire to relocate your franchised business, you can apply to us for the right to do so, and we will evaluate the proposed location by the same criteria we use in evaluating your original location, plus the new location must be located within your Exclusive Territory. In addition, and provided that you are in substantial compliance with the terms of your franchise agreement, we will may allow you to purchase additional territories for additional location, depending on availability.

You are required in Section 5B of your Franchise Agreement to complete your initial training within 90 days and commence business operations within 180 days after signing your Franchise Agreement. Failure to do so constitutes a breach of your Franchise Agreement, however, we will grant you a 90-day extension of this time upon written receipt of your request explaining you efforts to date in finding a suitable site.

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13. TRADEMARKS

We grant you the right to operate one pet care services facility, and to market your services under the name "Preppy Pet" within a specific geographic territory. You may also use current and future trademarks and service marks we register to identify your business and its products and services. Our affiliate, Preppy Pet, Inc. has granted us the rights to three Service Marks: **Preppy Pet** which was registered with the United States Patent and Trademark Office Principal Register on January 21, 2014, and assigned Registration Number 4470040. This Registration covers our pet boarding and grooming services. Preppy Pet, Inc also owns the Trademark for the graphics of our Preppy Pet mascot under Registration Number 5702056 granted March 19, 2019. Preppy Pet Franchises, Inc also owns the Trademark covering our motto, **"Pet Stays Your Way"** under Registration Number 5750433 granted May 14, 2019. Our agreements with Preppy Pet, Inc. and Preppy Pet Franchises, Inc. are in writing, cannot be terminated, and give us the perpetual rights to use the name in franchising.

You must follow our rules when you use these marks. You cannot use our name or mark as part of your corporate (or other entity) name or with modifying words, designs or symbols except for those which we license to you. You may not use Preppy Pet's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

Your conduct on the Internet, including without limitation, your use of the Marks on the Internet and in domain names for the Internet, is subject to the provisions of the Franchise Agreement. We reserve the right to establish and modify, from time to time, rules which will govern your conduct and use of the Internet in connection with your Preppy Pet franchise business, and you must agree to abide by such rules. At the present time, only Preppy Pet is permitted to maintain a website promoting the franchise system. Your rights to use the Marks and our Business System on the Internet will terminate when the Franchise Agreement terminates or expires.

You must notify us immediately if you learn about an infringement of, or challenge to your use of any of our trademarks. We will take the action we think appropriate.

You must modify or discontinue the use of a service mark or trademark if we modify or discontinue it. If this happens, we will reimburse you for your tangible costs of compliance that have been pre-approved by us in excess of $5,000 (i.e., changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of the Preppy Pet trade or service mark(s). No agreements limit our right to use or license the use of this trademark.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of any State or any court, pending infringement, opposition or cancellation, or pending material litigation involving the principal trademark.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You may use the proprietary information in our Operations Manual described in Item 11. Although we have not filed an application for a copyright registration for the Operations Manual, we claim a copyright, and the information is proprietary. Item 11 describes limitations on the use of this manual by you and your employees. You must also promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

We do not own any patents and there are no applications pending for patent rights.

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

We do not require that you personally supervise the franchised business. The business must be directly supervised, on a day to day basis, by a manager who has successfully completed our training program. The manager may not have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in a corporate or partnership-run franchise. The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Each individual who owns a 5% or greater interest in the franchise entity, who has not signed the Franchise Agreement, must sign a Guarantee assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. (See Addendum D to the Franchise Agreement) . Depending on your net worth, we may require that your spouse sign the personal guarantee as well.

16. RESTRICTIONS OF WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services that we have approved (see Item 9) and that you only utilize products approved by us. You are required to offer all the products and services as defined in the Operations Manual. There is no limitation of our right to modify the list of approved services that you must provide.

17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or other Agreement	Summary
a. Length of the franchise term	Section 8	The term is 15 years.
b. Renewal or extension of the term	Section 8	If you are in good standing you can renew for additional 15 year terms.
c. Requirements for franchisee to renew or extend	Section 8	Sign new agreement and pay renewal fee.
d. Termination by franchisee	Sections 3 & 9A	Not Permitted
e. Termination by franchisor without cause	Section 9B	Not Permitted

f. Termination by franchisor with cause	Section 9C	We can terminate only if you default.
g. "Cause" defined–curable defaults	Section 9C	Curable defaults: failure to open your franchise within 180 days of signing your Franchise Agreement, non-payment of fees, non-reporting, failure to meet Franchise Agreement standards, non-compliance with local law, poor business practices (as defined), failure to obtain non-compete agreements from managers, operating from non-approved site, offering services in another name or outside of protected territory.
h. "Cause" defined–non-curable defaults	Section 9C	Non-curable defaults: conviction of felony, repeated defaults (even if cured), abandonment, trademark misuse, unapproved transfers, bankruptcy, insolvency, or false statements on applications or reports.
i. Franchisee's obligations on termination/non-renewal	Section 10	Obligations include complete de-identification and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 11C	We may assign our rights.
k. "Transfer" by franchisee–defined	Section 11B	Includes transfer of contract, or assets, or ownership change
l. Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 11B	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all fees owed by you paid, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11E	Right of first refusal is reserved by us. We will have 10 days to notify you of our intention to meet the terms of a buyer and 45 days to complete a purchase.
o. Franchisor's option to purchase franchisee's business	None	None exists
p. Death or disability of franchisee	Sections 11 and 11B	Your estate and/or beneficiaries can inherit your rights as long as a qualified manager runs your franchise.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in the U.S., Canada, or Mexico.
r. Non-competition covenants after the franchise is terminated or expires	Section 15	You may not own nor manage a competing business for 2 years within 50 miles of your protected territory (including after assignment).
s. Modification of the agreement	Section 16	No modifications generally unless agreed to in writing by both parties but Operations Manual is subject to change.

t. Integration/merger clause	Section 16	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by mediation or arbitration	Section 18	Except for certain claims, all disputes must be first mediated, then arbitrated in Orlando, Florida.
v. Choice of forum	Section 20	Litigation must be in the United States District Court for the Middle District of Florida, Orlando Division, or the State Court in Orange County, Florida.
w. Choice of law	Section 20	Florida law applies.

18. PUBLIC FIGURES

We do not use any celebrities or public figures to promote our franchise to the public at large or to those considering purchasing our franchises.

19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

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

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

The information below is based upon the performance of seventeen of our twenty-three franchisees, all of which had been open at least 12 months at December 31, 2019. The average revenues of our seventeen mature franchisees was $385,179. Seven (41.2%) of the seventeen units attained or surpassed these results. Six of our franchisees had not been open at least 12 months at December 31, 2019 and their data is not included.

The following chart gives a break-down of how this income was spread throughout year. The chart reflects Gross Revenues less any sales taxes or refunds.

2019 Revenues (17 Franchises)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Average Quarterly Revenue	$79,279	$98,282	$112,251	$95,371	$385,179

Median Quarterly Revenue	$71,634	$92,974	$98,354	$93,088	$355,601
Low Quarterly Revenue	$20,799	$32,069	$43,425	$24,133	$138,258
High Quarterly Revenue	$162,977	$203,748	$220,334	$174,115	$749,531

During the first quarter of 2020, the Corona Virus (aka Covid 19) spread across the United States causing many states and municipalities to force most businesses to remain closed for periods ranging from 30 to 120 days. All of our Preppy Pet franchisees experienced some negative impact from being closed.

The information below is based upon the performance of seventeen of our twenty-three franchisees, all of which had been open at least 18 months at June 30, 2020. The average revenues of our seventeen mature franchisees for the six months ended June 30, 2020 was $106,637 (or 60.1%) compared to the average revenues of $177,556 for the six months ended June 30, 2019. Seven (41.2.0%) of the seventeen units attained or surpassed these 2020 results.

Six Months Ending June 30, 2020 Revenues (17 Franchises)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Average Quarterly Revenue	$69,965	$34,521			$106,637
Median Quarterly Revenue	$62,848	$27,576			$90,424
Low Quarterly Revenue	$32,109	$27,920			$60,029
High Quarterly Revenue	$162,978	$158,143			$321,121

As stated in the California State Law Addendum in Exhibit D to this Disclosure Document, this financial performance representation does not include the costs and expenses that you will incur in operating your franchised business.

Our affiliate, Preppy Pet Inc. was founded by Jerry and Melanie Gore in September 2003 and their Revenues for 2019 were $500,886 in their Orlando, FL business. In the first six months of 2020, our affiliate's Revenues were $130,383 (or 56.4%) versus the 2019 six-month Revenues of $235,543. Their Revenues are not included in the system-wide Revenue charts above as the affiliate is not a franchise. That business is substantially similar to the franchises that we offer.

Other than the preceding financial performance representation, Preppy Pet Franchises, does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jerry Gore at 57 West Michigan Street, Orlando, Florida 32806, 407-420-1060, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
Systemwide Outlet Summary
For Years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	13	16	+3
	2018	16	18	+2
	2019	18	23	+5
Company-Owned*	2017	1	1	0
	2018	1	1	0
	2019	1	1	0
Total Outlets*	2017	14	17	+3
	2018	17	19	+2
	2019	19	24	+5

*This business is owned and operated by our affiliate, Preppy Pet, Inc. and operates a boarding kennel under the name Preppy Pet at 55 West Michigan St., Orlando, Florida.

ITEM 20 TABLE NO. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2017 to 2019

State	Year	Number of Transfers
Arizona	2017	0
	2018	0
	2019	1
Total	2017	0
	2018	0
	2019	1

ITEM 20 TABLE NO. 3
Status of Franchised Outlets
For Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2017	2	0	0	0	0	1	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Florida	2017	4	0	0	0	0	0	4
	2018	4	1	0	0	0	0	5
	2019	5	2	0	0	0	0	7
Georgia	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Massachusetts	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New York	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1

Ohio	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Oklahoma	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Pennsylvania	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
South Carolina	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Tennessee	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Texas	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	1	0	0	0	0	4
Totals	2017	13	4	0	0	0	1	16
	2018	16	2	0	0	0	0	18
	2019	18	6	1	0	0	0	23

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets*
For Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Totals	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1

*This kennel is owned and operated under the name Preppy Pet by our affiliate, Preppy Pet, Inc.

An estimate of the total number of Franchises to be sold or granted during the one year period following the date of this disclosure document is outlined in the following chart.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2019

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	2	0
Texas	0	1	0
Totals	0	3	0

FRANCHISED UNITS OPEN AS OF DECEMBER 31, 2019

ARIZONA	Daniel McIntosh 4415 South Rural Road Tempe, AZ. 85282 Phone 480-345-5522
FLORIDA	Cindy and Angela Sulaty 2022 Tally Road Leesburg, FL 34748 Phone 352-702-3505
	Tony and Dana Jickell 390 Corporate Way Longwood, FL 32750 Phone 407-678-PETS
	Yolanda and Tony Lopez 4045 Dow Rd, Ste 105 Melbourne, FL 34934 Phone 321-242-2400
	Cherie and Craig Lichter 13513 Prestige Place Tampa, FL 33635 Phone 813-852-BARK (2275)
	Kara Crossway and Thomas Baylor 9140 W. College Point Fort Myers, FL 33919 Phone 239-245-7648
	Matty Franceschi 4180 Tamiami Trail North Naples, FL 34103 Phone 239-776-7372
	David “Tony” Kerr 3148 28th Street N St. Petersburg, FL 33713 Phone 727-256-9862
GEORGIA	Frost and Carroll Hudson 2601 Manchester Expressway Columbus, GA 31904 Phone 706-507-7677
	Sharon Cowey 49 S. Marietta Parkway SW, Suite B Marietta, GA 30064 Phone 678-653-8191
MASSACHUSETTS	Kelly Miller and Diane Miller 147 John Fitch Hwy Fitchburg, MA 01420 Phone 978-345-0444
NEW YORK	Jeffrey Oblas 233 W RT 59 Nanuet, NY 10954 Phone 845-501-7677
OHIO	Phillip Russell 22223 Lorain Rd Fairview Park, OH 44126 Phone 440-827-6000
	Pia Siqueira and Zane Russell 5787 Linworth Road Worthington, OH 43085 Phone 614-505-7906
OKLAHOMA	Britney & Jared Williams 2502 W. Gore Blvd. Lawton, OK 73505 Phone 580-699-2727
PENNSYLVANIA	Elaina and Ed Adelman 605 Norristown Road Warminster, PA 18974 Phone 215 443-7387
	Ruth Smith 245 N Sherman Street Wilkes-Barre, PA. 18702 Phone 570-270-3711
SOUTH CAROLINA	JoAnn Campbell & Kathleen Adams 111 Acres Dr., Ladson, SC 29456 Phone 843-553-3710
TENNESSEE	Jody & Dana Good 240 E. Main St., Suite C Hendersonville, TN 37075 Phone 615-431-2140
TEXAS	Jesus R. Blumenkron 5020 N Desert Blvd. El Paso, TX 79912 Phone 915-345-1777
	Nick Fox & Ann Knight 11920 Louetta Rd Houston, TX 77070 Phone 832-698-4351
	Melissa Ruacho and Michelle Nedbalek 21922 Bellaire Blvd Suite 100 Richmond, TX 77407 Phone 281.762.7749

TEXAS Laura & Phil Spiteri
16150 Rippling Water
Houston, TX 77084
Phone 832-427-1457

ONE FRANCHISED UNIT CLOSED DURING THE YEAR ENDED DECEMBER 31, 2018

NORTH CAROLINA Sean Reilly
205 W. Worthington Avenue
Charlotte, NC 282003
Phone 980-299-0929

Chad Watkins sold his Arizona franchise to Daniel McIntosh during 2019. His contact information follows:

ARIZONA Chad Watkins
4415 South Rural Road
Tempe, AZ. 85282
Phone 480-345-5522

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

There were no franchisees whose franchise was, within the twelve-month period immediately preceding the date of this Disclosure Document, terminated, canceled, not renewed or, who has, during the same time period, otherwise voluntarily or involuntarily ceased to do business pursuant to the Franchise Agreement, or has any franchisee failed to communicate with us within the ten weeks prior to the date of application of this registration.

During the last three fiscal years, we have not signed any confidentiality clauses with any current or former licensees or franchisees which would in any way restrict their ability to speak with you openly about their experience with Preppy Pet Franchises.

There are no trademark specific franchisee organizations associated with the franchise system, nor are there any independent franchisee organizations that have asked to be included in this disclosure document.

21. FINANCIAL STATEMENTS

The company's Audited Financial Statements December 31, 2017, December 31, 2018 and December 31, 2019 are attached hereto as Exhibit A.

22. CONTRACTS

Attached hereto are the following documents:

EXHIBIT A -- Audited Financial Statements dated December 31, 2017, 2018, and 2019.

EXHIBIT B -- Sample Non-Disclosure and Non-Competition Provisions for General Managers

EXHIBIT C -- Schedule of State Agencies

EXHIBIT D -- State-Specific Amendments

EXHIBIT E -- Operations Manuals Tables of Contents

EXHIBIT F -- Franchise Agreement

- Addendum A -- Franchisee's Protected Territory
- Addendum B -- Closing Acknowledgments
- Addendum C – Approved Location Acknowledgment

Addendum D – Guaranty
Addendum E – State Law Addendum
Addendum F – Bank Authorization Form
Addendum G – Collateral Assignment of Lease
Addendum H – Assignment of Telephone Numbers and Listings
Addendum I – SBA Loan Agreement
Addendum J – Bank Authorization Form

23 RECEIPT

The last two pages of this Disclosure Document are duplicate copies of our Receipt acknowledging that you have received this Disclosure Document. You are required to sign each Receipt and return one copy to us at the address on the cover of this Circular.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Preppy Pet Franchises, Inc.

Audited Financial Statements Dated

December 31, 2017,

December 31, 2018

and

December 31, 2019

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

SAMPLE NON-DISCLOSURE AND NON-COMPETITION PROVISIONS FOR GENERAL MANAGERS

1. In consideration for employment, the undersigned, wishing to become a General Manager of _____, a Franchisee of Preppy Pet Franchises, Inc., agrees to take Preppy Pet's (hereinafter referred to as Franchisor) basic course in management of a pet care services business within 30 days of the date hereof.

2. The undersigned shall not disclose to any unauthorized person any information pertaining to the Franchisee's business, including information concerning pet care services and products, marketing methods, advertising methods, product mix, sources, pricing techniques and any other information represented as confidential by the Franchisee to the undersigned, without the Franchisor's specific written consent during the term of employment nor for three (3) years thereafter.

3. The undersigned shall not be involved directly or indirectly, as manager, general manager, sales agent, sales or management level employee, consultant, owner, or representative, in any business or business activity which is engaged wholly or partially in the business of selling or providing pet care services or any business substantially competitive with Franchisee's business, anywhere within an area defined by a fifty (50) mile radius of Franchisee's Protected Territory, during the term of employment, nor for a period of two years after its termination.

4. The undersigned expressly acknowledges and represents that, prior to entering into this Agreement, he/she was employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event he/she was prohibited from engaging in the business of selling or providing pet care services.

The undersigned acknowledges that a copy of this Agreement will be immediately provided to Preppy Pet Franchises, Inc., which is an intended third party beneficiary with the right to bring an action under this provision.

The undersigned further acknowledges that he/she has received a copy of this Agreement.

_____	_____	
Franchisee	Printed Name	
_____	_____	_____
Signature	Signature	Date

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT
SCHEDULE OF STATE AGENCIES FOR ADMINISTRATION AND SERVICE OF PROCESS

California

Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
(213) 576-7500 and 1-866 275-2677

Hawaii

Department of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

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

Indiana

Agent

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Administrator

Securities Commissioner
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Agent for Service of Process

Maryland Securities Commissioner
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-7044

Inquiries About Franchise Matters

Office of Attorney General
Division of Securities
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. Of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Minnesota Dept. Of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York

Administrator
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

Agent For Service of Process
New York Department of State
99 Washington Avenue, 6th Floor
Albany, NY 12231

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 224-4712

Rhode Island

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 277-3048

South Dakota

Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4013

Virginia

Agent for Service of Process

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

Inquiries About Franchise Matters

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

Washington

Department of Financial Institutions
Securities Division
P.O.Box 9033
Olympia, Washington 98507-9033
(206) 753-6928

Wisconsin

Securities & Franchise Registration
Wisconsin Securities Commission
P.O.Box 1768
Madison, Wisconsin 53701
(608) 266-8559

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC AMENDMENTS

The following information supplements our Franchise Disclosure Document and supersedes any conflicting information contained in the main body of the Disclosure Document.

FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

The Franchise Agreement requires application of the laws of the state of Florida . This may not be enforceable under California Law.

The franchise agreement requires binding arbitration. The arbitration will occur in Orlando Florida and the franchise agreement does not specify who pays the costs of arbitration.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions in a franchise agreement restricting venue to a forum outside the State of California.

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

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

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

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

In accordance with CCR §310.156.3(a)(3), the Franchisor's URL address is www.PreppyPet.com. 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.

The financial performance representaion does not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Illinois State Law Appendix

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

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 the Act is void."

The Franchise Agreement requires that a Franchisee shall be subject to the jurisdiction or venue of any state or federal court in Florida . These provisions may not be enforceable under Illinois law.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

Minnesota State Law Appendix

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FOR RESIDENTS OF THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document: INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21st FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3: Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark: A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations. B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations. C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations. D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4: Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5: The initial franchise fee constitutes part of our general operating funds

and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer": However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor": However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Washington State Law Appendix

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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 or rights of remedies under the act such as a right to a jury trial may not be enforceable.

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

EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT

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~~America's Premier Boarding and Daycare~~

PROCEDURES MANUAL

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~~13. TRADEMARKS~~

~~We grant you the right to operate one pet care services facility, and to market your services under the name "Preppy Pet" within a specific geographic territory. You may also use current and future trademarks and service marks we register to identify your business and its products and services. Our affiliate, Preppy Pet, Inc. has granted us the rights to two Service Marks: **Preppy Pet** which was registered with the United States Patent and Trademark Office Principal Register on January 21, 2014, and assigned Registration Number 4470040. This Registration covers our pet boarding and grooming services. Preppy Pet, Inc also owns the Trademark for the graphics of our Preppy Puppy under Registration Number 5159832 granted March 14, 2017. Preppy Pet Franchises, Inc has applied for a Registration covering our motto, **"Pet Stays Your Way"** under the Serial Number 88123800 granted September 19, 2018. Our agreement with Preppy Pet, Inc. is in writing, cannot be terminated, and gives us the perpetual rights to use the name in franchising.~~

~~You must follow our rules when you use these marks. You cannot use our name or mark as part of your corporate (or other entity) name or with modifying words, designs or symbols except for those which we license to you. You may not use Preppy Pet's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.~~

~~Your conduct on the Internet, including without limitation, your use of the Marks on the Internet and in domain names for the Internet, is subject to the provisions of the Franchise Agreement. We reserve the right to establish and modify, from time to time, rules which will govern your conduct and use of the Internet in connection with your Preppy Pet franchise business, and you must agree to abide by such rules. At the present time, only Preppy Pet is permitted to maintain a website promoting the franchise system. Your rights to use the Marks and our Business System on the Internet will terminate when the Franchise Agreement terminates or expires.~~

You must notify us immediately if you learn about an infringement of, or challenge to your use of any of our trademarks. We will take the action we think appropriate.

You must modify or discontinue the use of a service mark or trademark if we modify or discontinue it. If this happens, we will reimburse you for your tangible costs of compliance that have been pre-approved by us in excess of $5,000 (i.e., changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of the Preppy Pet trade or service mark(s). No agreements limit our right to use or license the use of this trademark.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of any State or any court, pending infringement, opposition or cancellation, or pending material litigation involving the principal trademark.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You may use the proprietary information in our Operations Manual described in Item 11. Although we have not filed an application for a copyright registration for the Operations Manual, we claim a copyright, and the information is proprietary. Item 11 describes limitations on the use of this manual by you and your employees. You must also promptly tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

We do not own any patents and there are no applications pending for patent rights.

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

We do not require that you personally supervise the franchised business. The business must be directly supervised, on a day to day basis, by a manager who has successfully completed our training program. The manager may not have an interest or business relationship with any of our business competitors. The manager need not have an ownership interest in a corporate or partnership-run franchise. The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17.

Each individual who owns a 5% or greater interest in the franchise entity, who has not signed the Franchise Agreement, must sign a Guarantee assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. (See Addendum D to the Franchise Agreement) . Depending on your net worth, we may require that your spouse sign the personal guarantee as well.

16. RESTRICTIONS OF WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those services that we have approved (see Item 9) and that you only utilize products approved by us. You are required to offer all the products and services as defined in the Operations Manual. There is no limitation of our right to modify the list of approved services that you must provide.

17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or other Agreement
a. Summary	Length of the franchise term	Section 8	The term is 15 years.
b. Renewal or extension of the term	Section 8	If you are in good standing you can renew for additional 15 year terms.
c. Requirements for franchisee to renew or extend	Section 8	Sign new agreement and pay renewal fee.
d. Termination by franchisee	Sections 3 & 9A	Not Permitted
e. Termination by franchisor without cause	Section 9B	Not Permitted
f. Termination by franchisor with cause	Section 9C	We can terminate only if you default.
g. "Cause" defined–curable defaults	Section 9C	Curable defaults: failure to open your franchise within 180 days of signing your Franchise Agreement, non-payment of fees, non-reporting, failure to meet Franchise Agreement standards, non-compliance with local law, poor business practices (as defined), failure to obtain non-compete agreements from managers, operating from non-approved site, offering services in another name or outside of protected territory.
h. "Cause" defined–non-curable defaults	Section 9C	Non-curable defaults: conviction of felony, repeated defaults (even if cured), abandonment, trademark misuse, unapproved transfers, bankruptcy, insolvency, or false statements on applications or reports.
i. Franchisee's obligations on termination/non-renewal	Section 10	Obligations include complete de-identification and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 11C	We may assign our rights.
k. "Transfer" by franchisee– defined	Section 11B	Includes transfer of contract, or assets, or ownership change
l. Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 11B	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all fees owed by you paid, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11E	Right of first refusal is reserved by us. We will have 10 days to notify you of our intention to meet the terms of a buyer and 45 days to complete a purchase.
o. Franchisor's option to purchase franchisee's business	None	None exists
p. Death or disability of franchisee	Sections 11 and 11B	Your estate and/or beneficiaries can inherit your rights as long as a qualified manager runs your franchise.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in the U.S., Canada, or Mexico.
r. Non-competition covenants after the franchise is terminated or expires	Section 15	You may not own nor manage a competing business for 2 years within 50 miles of your protected territory (including after assignment).
s. Modification of the agreement	Section 16	No modifications generally unless agreed to in writing by both parties but Operations Manual is subject to change.
t. Integration/merger		

clauseSection 16Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable.u. Dispute resolution by mediation or arbitrationSection 18Except for certain claims, all disputes must be first mediated, then arbitrated in Orlando, Florida.v. Choice of forumSection 20Litigation must be in the United States District Court for the Middle District of Florida, Orlando Division, or the State Court in Orange County, Florida.w. Choice of lawSection 20Florida law applies.

18. PUBLIC FIGURES

We do not use any celebrities or public figures to promote our franchise to the public at large or to those considering purchasing our franchises.

19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

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

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

The information below is based upon the performance of sixteen of our eighteen franchisees, all of which had been open at least 12 months at December 31, 2018. The average revenues of our sixteen mature franchisees in 2018 was $414,603. Five (41.7%) of the sixteen units attained or surpassed these results.

The following chart gives a break-down of how this income was spread throughout year. The chart reflects Gross Receipts less any sales taxes or refunds.

2018 Revenues (12 Franchises)

1st Quarter2nd Quarter3rd Quarter4th QuarterTotalAverage Quarterly Revenue$89,212 $115,974$133,817$107,054$446,057Median Quarterly Revenue $80,990 $105,288 $121,486 $97,189$404,953 Low Quarterly Revenue$53,100 $68,900$79,500$63,600$265,100High Quarterly Revenue$147,560 $191,828$221,340 $177,072$737,800

As stated in the California State Law Addendum in Exhibit D to this Disclosure Document, this financial performance representation does not include the costs and expenses that you will incur in operating your franchised business.

Our Master Franchisee's Revenues are included in the system-wide Revenue chart above.

Our affiliate, Preppy Pet Inc. was founded by Jerry and Melanie Gore in September 2003 and their Revenues for 2018 were $482,176 in their Orlando, FL business. Their Revenues are not included in the system-wide Revenue chart above as the affiliate is not a franchise. That business is substantially similar as the franchises that we offer.

Other than the preceding financial performance representation, Preppy Pet Franchises, does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jerry Gore at 57 West Michigan Street, Orlando, Florida 32806, 407-420-1060, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

Systemwide Outlet Summary
For Years 2016 to 2018

Outlet TypeYearOutlets at the Start of the YearOutlets at the End of the YearNet Change
Franchised201613130201713 16+320181618+2
Company-Owned*201611020171102018110
Total Outlets*201613130201714 17+320181719+2

*This business is owned and operated by our affiliate, Preppy Pet, Inc. and operates a boarding kennel under the name Preppy Pet at 55 West Michigan St., Orlando, Florida.

ITEM 20 TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2016 to 2018

StateYearNumber of Transfers
Nation-wide201602017020180
Total201602017020180

ITEM 20 TABLE NO. 3

Status of Franchised Outlets
For Years 2016 to 2018

State

YearOutlets at Start of YearOutlets OpenedTermina-tions

Non-Renewals

Reacquired by FranchisorCeased Operations-Other ReasonsOutlets at End of the Year

Arizona20162000002201720000112018100000 1
Florida20164000004201740000042018410000 5
Georgia20161000001201711000022018200000 2
Massachusetts20161000001201710000012018100000 1
North Carolina20160000000201701000012018100000 1
Oklahoma20160000000201701000012018100000 1
Pennsylvania20162000002201720000022018200000 2
South
Carolina20161000001201710000012018100000 1Tennessee20160000000201701000012018100 0001
Texas20162000002201720000022018210000 3Totals20161300000132017134000116201816200 0018

ITEM 20 TABLE NO. 4
Status of Company-Owned Outlets*
For Years 2016 to 2018

StateYearOutlets at Start of YearOutlets OpenedOutlets Reacquired From FranchiseeOutlets ClosedOutlets Sold to FranchiseeOutlets at End of the Year
Florida
20161000012017100001201810000 1Totals20161000012017100001201810000 1*This kennel is owned and operated under the name Preppy Pet by our affiliate, Preppy Pet, Inc.

An estimate of the total number of Franchises to be sold or granted during the one year period following the date of this disclosure document is outlined in the following chart.

ITEM 20 TABLE NO. 5
Projected Openings as of December 31, 2018

StateFranchise Agreements Signed but Outlet Not OpenedProjected New Franchised Outlets in the Next Fiscal YearProjected New Company-Owned Outlets in the Next Fiscal YearCalifornia010Florida220New York110Ohio270Pennsylvania100Texas320

FRANCHISED UNITS OPEN AS OF DECEMBER 31, 2018

ARIZONA – Chad Watkins
4415 South Rural Road
Tempe, AZ. 85282
Phone 480-345-5522

FLORIDA – Cindy and Angela Sulaty
2022 Tally Road
Leesburg, FL 34748
Phone 352-702-3505

Tony and Dana Jickell
390 Corporate Way
Longwood, FL 32750
Phone 407-678-PETS

Yolanda and Tony Lopez
4045 Dow Rd, Ste 105
Melbourne, FL 34934
Phone 321-242-2400

Cherie and Craig Lichter
13513 Prestige Place
Tampa, FL 33635
Phone 813-852-BARK (2275)

Kara Crossway and Thomas Baylor
9140 W. College Point
Fort Myers, FL 33919
Phone 239-245-7648

GEORGIA – Frost and Carroll Hudson
2601 Manchester Expressway
Columbus, GA 31904
Phone 706-507-7677

Sharon Cowey
49 S. Marietta Parkway SW, Suite B
Marietta, GA 30064
Phone 678-653-8191

MASSACHUSETTS
Kelly Miller and Diane Miller
147 John Fitch Hwy
Fitchburg, MA 01420

Phone 978-345-0444

NORTH CAROLINA

Sean Reilly
205 W. Worthington Avenue
Charlotte, NC 282003
Phone 980-299-0929

OKLAHOMA Britney & Jared Williams
2502 W. Gore Blvd.
Lawton, OK 73505
Phone 580-699-2727

PENNSYLVANIA

Elaina and Ed Adelman
605 Norristown Road
Warminster, PA 18974
Phone 215 443-7387

Ruth Smith
245 N Sherman Street
Wilkes-Barre, PA. 18702
Phone 570-270-3711

SOUTH CAROLINA

JoAnn Campbell & Kathleen Adams
111 Acres Dr.,
Ladson, SC 29456
Phone 843-553-3710

TENNESSEE Jody & Dana Good
240 E. Main St., Suite C
Hendersonville, TN 37075
Phone 615-431-2140

TEXAS Laura & Phil Spiteri
16150 Rippling Water
Houston, TX 77084
Phone 832-427-1457

Nick Fox & Ann Knight
11920 Louetta Rd
Houston, TX 77070
Phone 832-698-4351

Jesus R. Blumenkron
5020 N Desert Blvd.

El Paso, TX 79912
Phone 915-345-1777
NO FRANCHISED UNIT CLOSED DURING THE YEAR ENDED DECEMBER 31, 2018

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

There were no franchisees whose franchise was, within the twelve-month period immediately preceding the date of this Disclosure Document, terminated, canceled, not renewed or, who has, during the same time period, otherwise voluntarily or involuntarily ceased to do business pursuant to the Franchise Agreement, or has any franchisee failed to communicate with us within the ten weeks prior to the date of application of this registration.

During the last three fiscal years, we have not signed any confidentiality clauses with any current or former licensees or franchisees which would in any way restrict their ability to speak with you openly about their experience with Preppy Pet Franchises.

There are no trademark specific franchisee organizations associated with the franchise system, nor are there any independent franchisee organizations that have asked to be included in this disclosure document.

21. FINANCIAL STATEMENTS

The company's Audited Financial Statements December 31, 2016, December 31, 2017 and December 31, 2018 are attached hereto as Exhibit A.

22. CONTRACTS

Attached hereto are the following documents:

EXHIBIT A -- Audited Financial Statements dated December 31, 2016, 2017, and 2018.
EXHIBIT B -- Sample Non-Disclosure and Non-Competition Provisions for General Managers
EXHIBIT C -- Schedule of State Agencies
EXHIBIT D -- State-Specific Amendments
EXHIBIT F -- Franchise Agreement
Addendum A -- Franchisee's Protected Territory
Addendum B -- Closing Acknowledgments
Addendum C – Approved Location Acknowledgment
Addendum D – Guaranty
Addendum E – State Law Addendum

23 RECEIPT

The last two pages of this Disclosure Document are duplicate copies of our Receipt acknowledging that you have received this Disclosure Document. You are required to sign each Receipt and return one copy to us at the address on the cover of this Circular.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

Financial Statements

Preppy Pet Franchises, Inc.

Audited Financial Statements Dated

December 31, 2016,

December 31, 2017

and

December 31, 2018

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

SAMPLE NON-DISCLOSURE AND NON-COMPETITION PROVISIONS FOR GENERAL MANAGERS

1. In consideration for employment, the undersigned, wishing to become a General Manager of _____, a Franchisee of Preppy Pet Franchises, Inc., agrees to take Preppy Pet's (hereinafter referred to as Franchisor) basic course in management of a pet care services business within 30 days of the date hereof.

2. The undersigned shall not disclose to any unauthorized person any information pertaining to the Franchisee's business, including information concerning pet care services and products, marketing methods, advertising methods, product mix, sources, pricing techniques and any other information represented as confidential by the Franchisee to the undersigned, without the Franchisor's specific written consent during the term of employment nor for three (3) years thereafter.

3. The undersigned shall not be involved directly or indirectly, as manager, general manager, sales agent, sales or management level employee, consultant, owner, or representative, in any business or business activity which is engaged wholly or partially in the business of selling or providing pet care services or any business substantially competitive with Franchisee's business, anywhere within an area defined by a fifty (50) mile radius of Franchisee's Protected Territory, during the term of employment, nor for a period of two years after its termination.

4. The undersigned expressly acknowledges and represents that, prior to entering into this Agreement, he/she was employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event he/she was prohibited from engaging in the business of selling or providing pet care services.

The undersigned acknowledges that a copy of this Agreement will be immediately provided to Preppy Pet Franchises, Inc., which is an intended third party beneficiary with the right to bring an action under this provision.

The undersigned further acknowledges that he/she has received a copy of this Agreement.

_____ _____

Franchisee Printed Name

_____ _____ _____

Signature Signature Date

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT
SCHEDULE OF STATE AGENCIES FOR ADMINISTRATION AND SERVICE OF PROCESS

California
Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-1105
(213) 576-7500 and 1-866 275-2677

Hawaii
Department of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

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

Indiana
Agent
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Administrator
Securities Commissioner
Indiana Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Agent for Service of Process
Maryland Securities Commissioner
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-7044

Inquiries About Franchise Matters
Office of Attorney General
Division of Securities
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan
Franchise Administrator
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Dept. Of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Minnesota Dept. Of Commerce
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York
Bureau of Investor Protection & Securities
New York State Dept. Of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8211

North Dakota
Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 224-4712

Rhode Island
Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 277-3048

South Dakota
Division of Securities

~~445 East Capitol Avenue~~
~~Pierre, South Dakota 57501~~
~~(605) 773-4013~~

Virginia

Agent for Service of Process
Clerk of the State Corporation Commission of Virginia
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

Inquiries About Franchise Matters
State Corporation Commission, Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
P.O.Box 9033
Olympia, Washington 98507-9033
(206) 753-6928

Wisconsin

Securities & Franchise Registration
Wisconsin Securities Commission
P.O.Box 1768
Madison, Wisconsin 53701
(608) 266-8559

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC AMENDMENTS

The following information supplements our Franchise Disclosure Document and supersedes any conflicting information contained in the main body of the Disclosure Document.

FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

The Franchise Agreement requires application of the laws of the state of Florida . This may not be enforceable under California Law.

The franchise agreement requires binding arbitration. The arbitration will occur in Orlando Florida and the franchise agreement does not specify who pays the costs of arbitration.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions in a franchise agreement restricting venue to a forum outside the State of California.

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

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

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

You must sign a general release if you transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver

of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

In accordance with CCR §310.156.3(a)(3), the Franchisor's URL address is www.PreppyPet.com. 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.

The financial performance representaion does not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Illinois State Law Appendix

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

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 the Act is void."

The Franchise Agreement requires that a Franchisee shall be subject to the jurisdiction or venue of any state or federal court in Florida . These provisions may not be enforceable under Illinois law.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

Minnesota State Law Appendix

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FOR RESIDENTS OF THE STATE OF NEW YORK

Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in this Disclosure Document.

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 set forth in this prospectus.

All references to "Disclosure Document" shall be deemed to include the term "Offering Prospectus" as used under New York law.

Item 3 of this Offering Prospectus is supplemented with the following: "Neither the Franchisor nor any person identified in Item 2 of this Disclosure Document has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint, or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations."

Item 4 of this Offering Prospectus is supplemented with the following: "During the fifteen (15) year period immediately preceding the date of this Offering Prospectus, neither the Franchisor nor any officer or general partner of the Franchisor has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency during or within one year after the period that such officer or general partner of the Franchisor held such position in such company or partnership, or is subject to any pending bankruptcy or reorganization proceeding."

Modifications that we make to our Confidential Operations Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

We will not make any assignment of the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Washington State Law Appendix

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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 or rights of remedies under the act such as a right to a jury trial may not be enforceable.

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

~~EXHIBIT E~~

EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement
(with Addenda)

PREPPY PET FRANCHISES, INC.

PREPPY PET FRANCHISES, INC.
FRANCHISE AGREEMENT

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PREPPY PET FRANCHISES, INC.

FRANCHISE AGREEMENT

AGREEMENT made this _____ day of _____, 20~~1~~2__ by and between Preppy Pet Franchises, Inc., a Florida Corporation, having its principal place of business at 57 West Michigan Street, Orlando, Florida 32806 (hereinafter referred to as "Franchisor") and

_____

of _____ – in-

the State of _____, (hereinafter referred to as "Franchisee").

WHEREAS, Franchisor has acquired experience, skills and knowledge with reference to the development, opening and operation of a business offering and providing pet daycare, boarding, grooming salon and spa services under the Preppy Pet logo to consumers; and

WHEREAS, Franchisor's affiliate, Preppy Pet, Inc., is the sole owner to the right, title and interest in and to the trademark "Preppy Pet" which was registered on the United States Patent and Trademark Office Principal Register on January 21, 2014, Registration Certificate Number 4470040. Preppy Pet, Inc. has granted Franchisor the exclusive license to use this mark in franchising. Our affiliate also has registered our graphic Logo on the United States Patent and Trademark Office Principal Register on March 14, 2017, Registration Certificate Number 5159832. Preppy Pet Franchises, Inc has ~~applied for~~received registration of our moto, "Pet Stays Your Way" on the United States Patent and Trademark Office Principal Register on ~~September~~May 1~~9~~4, 201~~8~~9 and was assigned Serial Number ~~88123800~~5750433.

WHEREAS, Franchisee desires to obtain from Franchisor a franchise to operate a pet boarding facility offering daycare, grooming salon and spa services from one location and in connection therewith to use the Trademark, to employ the Franchisor's approved product lines, business techniques, and systems, and to benefit from its experience and knowledge;

NOW, THEREFORE, the parties hereto, in consideration of their mutual promises herein contained, and for other good and valuable consideration acknowledged by them to be adequate, do hereby agree as follows:

1. APPOINTMENT

A. Franchisor hereby grants unto Franchisee and Franchisee hereby accepts the right, license and privilege to use and benefit from the Franchisor's techniques, skills, experience, knowledge, and the Proprietary Marks in the operation of one Preppy Pet care services facility under the conditions hereinafter set forth. Franchisor further grants to Franchisee the right to operate its business only from one approved site within the Area described in Addendum A. The term "franchise" as used herein shall mean either the right, license or privilege so granted hereunder, or the business to be operated by the Franchisee, or both, as the context would so dictate.

Franchisee acknowledges that it has no exclusive rights to use any of the Marks or any part of the franchised system anywhere other than from one approved site within the franchisee's protected territory described herein, and Franchisor may license to others, or use the Marks itself, outside of the franchisee's protected geographical territory in any manner it chooses, in its sole discretion.

So long as Franchisee is in full compliance with this Agreement, Franchisor will not establish other franchises or company-owned businesses operating a pet boarding facility providing daycare, grooming salon and spa services under a different trade name or trademark in Franchisee's protected area. Franchisor retains the right to sell the rights to use the Preppy Pet name for other uses in any area outside of your protected territory.

B. Subject to availability, Franchisee may purchase additional franchises, at a rate of seventy-five percent (75%) of the rate being charged new franchisees at the time of your purchase if Franchisee is in compliance with the terms of this agreement and any other agreements between the Franchisor (and its affiliates) and the Franchisee.

2. SITE SELECTION AND PROTECTED TERRITORY

The Franchisee must operate this business from a commercial site approved by the Franchisor in writing that is in compliance with local business codes and within the Franchisee's Designated Area which is defined on Addendum A. The Designated Area will be reserved for a period of ninety (90) days to provide the Franchisee adequate time to find a specific site acceptable to the Franchisor.

The specific site location and its Protected Territory will be defined in Addendum C.

Franchisee is free to market Preppy Pet services only within the Protected Territory. In addition, Franchisee may not, unless in conjunction with other Preppy Pet Franchisees, advertise in telephone, internet or similar directories that target areas outside of Franchisee's protected territory nor establish mailing addresses for the Preppy Pet business or make other representations to potential clients that would lead others to believe that Franchisee has facilities or authorization to operate outside of its Protected Territory.

During the term hereof, Preppy Pet will not open, nor license another franchisee to open a care services facility under the Preppy Pet mark, nor under another name, within the Protected Territory described in Addendum C, nor will another franchisee be licensed to directly solicit business within said territory.

3. INITIAL FRANCHISE FEE AND RELATED CHARGES

In consideration of the franchise and rights granted to Franchisee herein, Franchisee shall pay to Franchisor ___ an Initial Franchise Fee of $19,900 for the rights to open one Preppy Pet 2.5 Location or ___ an Initial Franchise Fee of $34,500 for the rights to open one ~~Standard~~Original Preppy Pet Location at the site defined in Addendum C within the Designated Area described in Addendum A. Payment of this fee must be made in a lump sum at the time of the signing of this agreement. Fees shall be deemed earned and non-refundable upon payment. If you purchase a Preppy Pet 2.5 Franchise, you may expand to become a ~~Standard~~Original Preppy Pet Franchise by paying the difference between your Initial Franchise

Fee and the Fee charged new franchisees for a ~~Standard~~Original Preppy Pet Franchise at the time you wish to expand.

4. OBLIGATIONS OF THE FRANCHISOR

Franchisor hereby agrees to do the following:

A. Training. Franchisor will conduct or arrange for the following training programs for Franchisee:

(i) "Preppy Pet Academy" This five-day long program covers basic management and operation of a Preppy Pet business and is conducted at, or near, Franchisor's Headquarters in Orlando, FL. Only Franchise owner(s) and Franchise General Managers may attend this program. Franchise General Managers shall not function in such capacity without having successfully completed such training program within thirty (30) days of hire or engagement. "Franchise owner(s)" shall mean partners, principal shareholders, officers, members or proprietors of the Franchise, as the case may be, according to the type of franchise business organization. The training program must be successfully completed prior to commencement of the franchise business. Failure by Franchisee (or its designee) to successfully complete such program may result in termination of this Franchise Agreement and all rights granted to Franchisee hereunder shall inure to the benefit of Franchisor. Each Franchisee shall have the right to enroll two (2) people in this school at no additional charge. The fee for training more than two owners or managers is currently $750 per attendee, per week, but is subject to change.

The duration, location and content of the training programs are established by the Franchisor and may be modified, including any fees, in the sole discretion of the Franchisor. If Franchisee seeks to have additional managers trained in excess of the limits stated above, they must be approved by Franchisor and the applicable training fees must be paid in advance. Travel, accommodations, payroll, worker's compensation insurance and related expenses for all persons attending any of Franchisor's training courses shall be borne solely by Franchisee.

(ii) Advisory Service. Franchisor will provide a continuing advisory service which will include, but not be limited to, consultation on pet safety, sales, marketing, business or technical problems with an analysis of Franchisee's market penetration and profitability. Franchisor may offer additional training and establish prerequisites or qualifications for those seeking to enroll in any such additional training course. Franchisor may furnish Franchisee with certain training aids for Franchisee to provide basic training to Franchisee's personnel without charge.

(iii) If Franchisor deems it appropriate, it may provide a competency examination to test the knowledge and skills in any of the above areas of expertise. A candidate passing such examination will have all rights and privileges as those who have successfully completed the related training program.

B. Operations Material. Franchisor will make available, at no additional cost to Franchisee, its confidential Operations Manuals and training material together with any revisions or amendments thereto which may be made by Franchisor from time to time during the term of this Agreement. Franchisor will regularly review new products, and services for Franchisee to deliver to its clients. Franchisor will hold an annual meeting for all Franchisees to attend in order to gain additional knowledge in the industry. Franchisee may be charged a fee to attend said meeting and will be responsible for travel and lodging expenses while attending such conferences.

C. Approved Products. Any products, including pet kennels, and all materials that are used within the Franchisee's business or sold to customers, must be approved by Franchisor, in writing, before use. At the present time, Franchisor is the only approved vendor of pet kennels.

D. Site Selection. Subject to Section 2, Franchisee shall be responsible for researching its local market to find one or more potential sites for its pet care services facility based on criteria as established by Franchisor. Franchisor will advise Franchisee in the selection of a suitable site, appropriate kennel layouts, and provide lists of suitable equipment and furnishings for the franchised business. Franchisor will assist Franchisee in the site selection process and Franchisor reserves the sole right of final review and consent to any location of the kennel. Franchisor will use available demographic information to help Franchisee evaluate the site and the area in which it is located. In addition, Franchisor may withhold its consent if Franchisor feels that the costs, term, renewal terms and stipulations could be detrimental to Franchisee's success. Whether Franchisee chooses to operate from an owned property or rent from others, Franchisor will review details of the location as to suitability, and approve or disapprove the chosen site within 20 days of notification of Franchisee's preference. The ultimate decision of where to locate its kennel facility is the responsibility of Franchisee and the Franchisor may not be held liable for an inferior site. Franchisor's final review and consent to the location of Franchisee's center is not a guarantee that a Preppy Pet business can be successfully operated there or anywhere else.

E. Promotion. Subject to this Agreement, Franchisor agrees to provide advice and training in methods for selling, advertising, promoting and developing the franchised business. From time to time Franchisor may develop marketing materials and newsletters to assist Franchisee in promoting its pet care services. Samples of such materials will be given to Franchisee and additional quantities may be purchased from the Franchisor or other vendors. If Franchisor elects to establish an Advertising Fund, it will assist those charged with administering the Fund with developing advertising promotions and materials.

F. Website Customization. Franchisor will add Franchisee's contact information to Franchisor's website within 15 days prior to the date Franchisee opens for business. In addition, Franchisee's training will include training in the establishment and use of social media accounts that will meet with Franchisor's minimum standards. Franchisee is prohibited from establishing its own website utilizing the Preppy Pet mark nor may it establish social media accounts without Franchisor's written permission.

5. OBLIGATIONS OF THE FRANCHISEE

A. Training. Pursuant to Sections 4A, Franchisee agrees to attend and cause its designated General Management employees to attend and successfully complete the training programs referred to in Section 4A, in accordance with all of the terms and conditions set forth therein.

B. Development of Franchisee's Kennel, Commencement and Continuity of Operation. Franchisee agrees to complete its initial training and open its franchise business within 180 days from the date this Franchise Agreement is signed. Should Franchisee be unable to meet this deadline, Franchisor will grant a 90-day extension if Franchisee submits a written request and includes an explanation of efforts taken to date to find a suitable location.

Franchisee agrees at its expense, to do or cause to be done the following within 180 days following the Effective Date of this Agreement:

i. Deliver to Franchisor for review and approval a completed site approval report and other materials and information as specified in the Operations Manual. Approval of site that meets the criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from, proximity to, and nature of other businesses, other commercial characteristics, and the site's size, appearance, and other physical characteristics will not be unreasonably withheld;

ii. Deliver the proposed lease with landlord's acceptance of Collateral Assignment of Lease (Addendum G) and other requirements as contained in the Operations Manual for Franchisor's written approval prior to entering into a lease for the site;

iii. Secure all financing required to develop and operate the franchise business;

iv. Obtain all necessary insurance as outlined in Section 5 (I);

v. Obtain all permits and licenses required to construct and operate the franchise pet care business;

vi. Construct, or have contstructed, all required improvements to the site and decorate the franchise in compliance with our approved plans, trade dress, and specifications;

vii. Purchase or lease and install all required equipment, fixtures, furnishings, and signs according to Confidential Operations Manual;

viii. Purchase or lease and install the approved Business Management Software System;

ix. Purchase an opening inventory of required, authorized, and approved products, materials and supplies;

x. Obtain a certificate of occupancy from the city/county/state, as required by Franchisee's jurisdiction.

xi. Open the Franchised business, commence operations and continuously operate the franchised business as outlined in this Section.

It is Franchisee's responsibility to prepare all required construction plans and specifications for the franchise business only in accordance with our approved plans and specifications, and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. Franchisor may require Franchisee to use architects and contractors designated or approved by us. Franchisee must send Franchisor initial space plans for approval. Once Franchisor approves the initial space plans in writing, Franchisee must provide Franchisor with complete space plans, architectural drawings, construction plans and specification for review and then receive Franchisor's written approval of them before beginning construction of the franchise kennel. Franchisee must also send Franchisor all revised plans and specifications, including any additions or substitutions, for Franchisor's review and written approval. Franchisee may not begin construction of its franchise property

without written approval from Franchisor. Franchisor may inspect the site while Franchisee is developing the franchise business. Any review of the construction plans and specifications will be limited to ensuring Franchisee's compliance with Franchisor's design and other requirements for a Preppy Pet franchise business. Franchisor will not assess compliance with federal, state or local laws and regulations. Compliance with those laws is the Franchisee's responsibility. Any changes that Franchisee makes to the space plans, architectural drawings, construction plans or specifications must be provided to Franchisor for review and written approval.

Once Franchise operations commence, Franchisee agrees to ensure that its phones are answered, either by an employee or electronically during normal business hours.

Further, the owner(s) of the Franchise agree(s) to devote his or her full time and efforts to the promotion of the franchise or to have a General Manager devote his or her full time and efforts to the promotion of the success of the franchise. In such latter event, such General Manager must have completed successfully the training courses described in Section 4A.

Franchisee agrees to notify Franchisor 10 days in advance of any planned closings of the business and within 24 hours of the start of any emergency closings. Failure to communicate reasons and duration for closings may cause the Franchise to be deemed abandoned and suitable remedies may be commenced by Franchisor. In all circumstances, Franchisee agrees to make every reasonable effort to ensure that the Franchise's phones are answered, customers' needs filled and pet care activities are provided with a lapse of no more than 10 business days.

C. Proprietary Marks.

(i) Franchisee agrees to use the Proprietary Marks so licensed only in accordance with the terms of this Agreement. Franchisee agrees that during the term of this Agreement, and thereafter, Franchisee shall not, directly nor indirectly, contest the validity of ownership by Franchisor of the Proprietary Marks so licensed hereunder. Franchisee further agrees to promptly notify Franchisor of any claim, demand or suit brought upon it by any other person, firm or corporation to use the Proprietary Marks licensed hereunder.

(ii) Franchisor acknowledges its obligations to police the use of the Proprietary Marks and agrees to do so. Franchisee agrees promptly to notify Franchisor of any litigation instituted by any person, firm, corporation or governmental agency against Franchisee, concerning the use of the Proprietary Marks. The Franchisor will defend the proper use of the Proprietary Marks that are in compliance with Franchisor's standards. Franchisee agrees to execute, subject to the reasonable approval of counsel for Franchisee, any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution, either in the name of Franchisor or in the name of Franchisee, as Franchisor shall, in its sole discretion, determine.

(iii) Franchisee shall not use the Proprietary Marks or any part or form thereof as part of its corporate, partnership, or other business name. Franchisee agrees to obtain the written approval of Franchisor for said name before opening its franchise business and before commencing operations. Franchisee agrees not to use the Proprietary Marks in entering into any agreement or contract of any description, or in incurring any obligation, it being understood that Franchisee is only to use its corporate, partnership or proprietorship name for this purpose. Nothing herein contained shall prevent Franchisee from identifying itself as a Preppy Pet franchisee as specified in Franchisor's confidential operating manuals. The use of the Franchisor's Proprietary

Marks for operating its Preppy Pet business, for Internet promotion, for business cards and stationery is exemplified in the Franchisor's Operations Manual and Franchisee agrees in so using said Marks to follow exactly the examples and format as set forth in the manuals or in any like materials provided by Franchisor.

(iv) Franchisee agrees to operate, advertise and promote the franchised business under the Proprietary Marks and to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor as set forth in the Confidential Operating Manuals or other documents. Franchisee agrees to promote the mark "Preppy Pet" and others instituted from time to time, in all publications, printing, signs and visual images by reproducing said name at least two point sizes larger than any listing of its corporate, partnership, or proprietorship name. Franchisee further agrees to use no type style, color combination nor other graphic device to cause its business name, or any other name or design, to gain dominance over the "Preppy Pet" name or any Proprietary Marks utilized.

(v) Franchisee agrees to allow Franchisor, in the sole discretion of Franchisor, to enter and inspect the Franchisee's premises, and to observe the manner in which Franchisee is operating its pet boarding and care services, it being understood that such rights are important to Franchisor to preserve the integrity of its Proprietary Marks and to make certain that the Franchisee is properly using said Proprietary Marks in the operation of its franchise business.

(vi) Franchisee understands and acknowledges that each and every detail of the Preppy Pet system is important to Franchisor, to Franchisee, and to other licensed Franchisees. In order to develop and maintain uniformity of services, products, and applications, and therefore, to enhance the reputation, trade demand and goodwill of all Preppy Pet Franchisees, Franchisee accordingly covenants:

(a) to advertise and promote his/her franchise under the name "Preppy Pet" except where otherwise required by law;

(b) to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor; and

(c) to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor, and as set forth in the confidential operating manuals and/or other documents.

(d) to use the Marks on the Internet, and in domain names for the Internet, only under the listings established by Preppy Pet as described in the confidential operating manuals and/or other documents.

(vii) Franchisee acknowledges that valuable goodwill is attached to Franchisor's trademarks, service marks, trade names, and/or copyrights and that it will use them only in the manner and to the extent specifically licensed by this Agreement.

D. Operations.

(i) Franchisee agrees to conduct its franchise in accordance with Franchisor's Confidential Operating Manuals as the same may be revised from time to time. Franchisee further agrees to treat at all times the contents of said manuals as confidential and to reproduce or copy parts thereof only as instructed therein or as otherwise approved by Franchisor. Franchisee and Franchise Owner(s) shall not at any time, either during

the term of this Agreement or thereafter, disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available, any portion of said manuals or confidential information to any unauthorized person or entity. All management personnel shall execute a Non-Disclosure Agreement similar to that attached as Addendum B, the Sample Non-Disclosure and Non-Competition Provisions for General Managers.

(ii) Franchisee acknowledges that said manuals shall at all times remain the sole property of Franchisor, and Franchisee agrees to promptly deliver, neither expecting nor demanding any fees, said manuals and training materials of Franchisor to Franchisor or its designee upon the expiration or other termination of this Agreement.

E. Standards of Quality.

(i) Franchisee agrees to market, sell and deliver in its local marketplace, under the Preppy Pet name, in such manner as may be determined by Franchisor, pet boarding, daycare, grooming salon and spa services, as will meet the reasonable specifications and standards from time to time designated by Franchisor. Preppy Pet 2.5 Franchisees are restricted to a maximum of 72 kennels in their operation while ~~Standard~~Original Preppy Pet Franchisees are limited only by the space available in the facility. In addition, Franchisee will provide care of pets as required by Franchisor's training and manuals; local government regulations; and its approved attending veterinarian. Franchisee agrees not to conduct any other business or activity utilizing the same location, equipment, or personnel.

(ii) Franchisee is required to provide all mandatory services as suggested by Franchisor's Operations Manuals in the conduct of its business and to purchase any inventory and materials used by its staff or sold to customers from suppliers suggested and approved by Franchisor. Franchisee is not required to purchase supplies, business cards, stationery, brochures or similar items from Franchisor, but the quality of such items must comply with the standards and specifications therefor of Franchisor. Franchisor will provide said quality standards and specifications to Franchisee during initial training.

F. Modification.

Franchisee agrees to operate its franchise using Franchisor's Proprietary Marks, copyrighted materials, and business techniques as existing upon execution of this Agreement. Franchisor may reasonably modify same during the term of this Agreement.

Any changes or modifications to be made to the franchised business as a result of any such modification or development of any of the Proprietary Marks, copyrighted materials, products, equipment or techniques shall be made by Franchisee within three (3) months time after their modification or development at the Franchisee's expense. If Franchisee must modify or discontinue the use of a trademark as a result of changes made by the Franchisor, Franchisor will reimburse Franchisee for its tangible costs of such changes that exceed $5,000. Any such reimbursed expenses must be pre-approved by the Franchisor.

G. Advertising.

(i) Franchisee agrees to submit to Franchisor for its prior written approval all sales promotion materials and advertising to be used by Franchisee to promote its products and services, including, but not limited to, internet, social media, newspaper, newsletter, apparel, email promotion, text messages, poster, direct mail,

radio and television advertising, specialty and novelty items, stationery and business cards. However, any advertising need not be submitted for the Franchisor's approval if it is prepared in accordance with the Confidential Operating Manuals. Unless written disapproval of said advertising and promotional material is received by Franchisee from Franchisor within 15 days from the date such material is submitted to and received by Franchisor, said material shall be considered approved.

(ii) Franchisee agrees to use the Proprietary Marks in advertising in accordance with the terms of the confidential operating manuals of Franchisor. Examples of advertising contained in such manuals are deemed approved unless otherwise stated in writing by Franchisor.

(iii) Franchisee agrees to execute Franchisor's Start Up Promotion Advertising program as described in Franchisor's Operations Manuals.

H. Accounting and Records.

(i) Franchisee agrees to maintain and preserve during the term of the franchise (and for three years thereafter) full, complete and accurate books of account and records of all transactions including receipts, expenses, capital expenses and investments. Franchisee shall submit to Franchisor periodic reports on forms in the manner and at the times specified herein. The required reports for submission as of the date of this Agreement are as follows:

REPORT	**TIME TO SUBMIT**
Royalty Report	On or before the 10th day of the following month
Advertising Fund Report (when in effect)	On or before the 10th day of the following month
Online Access to Accounting and Kennel Management Software	24/7 through Internet Access to your software and computer databases
Internal Quarterly Profit & Loss Statements of the Franchised Business	On or before 15 days following each Calendar Quarter
Annual Profit & Loss Statement, Balance Sheet, and Tax Returns of the Franchised Business	On or before 60 days following each Calendar Year

(ii) All records, ledgers and other documents of the franchised business shall be made available for audit or inspection by Franchisor (or its designee) during normal business hours upon reasonable notice by Franchisor or its designee. If Franchisee fails or refuses to permit such an audit or inspection, Franchisee agrees to pay Franchisor its expense incurred in connection with such attempted inspection or audit.

(iii) Franchisor may cause an audit to be conducted on the books and records of Franchisee by a qualified party chosen by Franchisor. If the audit was performed due to the Franchisee's failure to report total gross receipts or provide other reports or tax returns as required above or if the audit establishes that Franchisee understated total gross receipts (as defined in Section 6A) to Franchisor for any period by more than three per

cent (3%) of the amount of actual total gross receipts, Franchisee shall pay for the cost of the audit, and shall pay as liquidated damages a sum equal to 15% of the additional Royalty Fees due for the period so audited. Any unpaid royalties revealed by such an audit shall bear interest at a rate of 18% per annum from the date payment was due. Such payments shall be received by Franchisor within three (3) days of the date that Franchisee receives written notice that such payments are due. Franchisee shall maintain the funds, books and records of the franchised business separate from and independent of all other funds, business and personal records of Franchisee and franchise owner(s). If there is any commingling of such funds or books and records, then Franchisor's rights of audit and inspection granted hereunder also shall apply to such other business and personal records (including banking and financial information) of Franchisee and franchise owner(s).

I. Insurance.

Franchisee, at Franchisee's sole expense, agrees to maintain adequate insurance and indemnity coverage throughout the term of this agreement and any extension thereof with an insurance carrier having an A VIII or better rating with the Alfred M. Best & Company, Inc rating agency. Franchisee acknowledges that this requirement shall in no way be construed as making Franchisee the agent of Franchisor. Franchisee agrees to provide the following coverages (insurance limits specified are minimum recommended limits and are subject to change from time to time) and in connection therewith to identify the Franchisor as a named insured to the extent of its interest:

1. Comprehensive blanket general liability insurance including product liability insurance, to be maintained against claims for personal injury, death or property damage suffered by others upon, in or about the premises or occurring as a result of the maintenance or operation of any automobiles or other vehicles, owned, hired and non-owned, or as a result of the use of any equipment used or products sold by it or services rendered by it or any claims arising out of the Business pursuant to this Agreement or the operation of a Preppy Pet pet care service with a single bodily injury and property damage limit of at least $1,000,000, per occurrence and $2,000,000 in the aggregate;

2. Coverage for Fire vandalism, theft, burglary liability with limits of not less than ninety percent (90%) of the replacement value of Franchisee’s leasehold improvements, furniture, fixtures, equipment, and inventory;

3. Workers' compensation insurance coverage (when required) offering Benefits per State for requirements for injured Employees; and Employers Liability Limit of $100,000 per Injury, $500,000 Policy Limit and $100,000 Per Employee;

4. Automobile liability for owned, leased, hired and non-owned vehicles with recommended limits of at least $1,000,000 combined single limit per state Medical/Personal Injury Protection and $1,000,000 Uninsured/Underinsured Motorist;

5. Any and all bonds required by state law.

Prior to the opening of the franchise business, Franchisee shall deliver to Franchisor certificates or policies evidencing that such insurance is in full force and effect, and each year during the term of this Agreement, upon Franchisor's request, Franchisee shall furnish to Franchisor premium receipts or other satisfactory evidence that such policies have continued in effect. Should Franchisee fail to maintain the required insurance, or furnish proof thereof, the Franchisor has the option to obtain such insurance for the

Franchisee at the sole cost of the Franchisee. Franchisee shall promptly notify Franchisor of any and all claims under said policies of insurance against Franchisee, Franchisor and/or employees or agents of either.

J. Taxes, Payments and Compliance with Law.

(i) Franchisee shall promptly pay when due all taxes and assessments in connection with Franchisee's business, its premises, and equipment; shall cause to be immediately discharged all liens or encumbrances of every kind or character created or placed upon or against any of said property other than in the normal course of business; and shall pay when due all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of said Franchise. Franchisee is not obligated to make payments hereunder if Franchisee is legitimately contesting such taxes, assessments, liens, encumbrances, accounts or indebtedness; however, Franchisee shall promptly pay such items once they do become finally uncontested and determined.

(ii) Franchisee shall comply with all applicable federal, state and local laws and regulations, and shall obtain and maintain on a timely basis any and all permits, certificates, bonds, or licenses necessary for the full and proper conduct of its franchise. This shall include, but not be limited to, any business, or other licenses required by the laws of any applicable jurisdiction.

K. Maintenance, Repairs, and Refurbishment

(i) Franchisee must maintain the interior and exterior of Franchisee's Preppy Pet premises, equipment, fixtures, signs and furnishings in conformity with the then current standards for each as described in the Operations Manuals and Franchisee must make repairs and replacements as may be required by Franchisor. All such repairs and changes must be commenced by Franchisee within sixty (60) days after notice from Franchisor and proceed with due diligence until complete.

In addition, Franchisee must agree:

a. to keep Franchisee's boarding facility in a high degree of safety, sanitation, repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the business, and perform such maintenance and repairs to all fixtures, furnishings, signs and equipment as Franchisor may reasonably request;

b. to meet and maintain at all times at least the minimum governmental standards and ratings applicable to the operation of the pet care business;

c. to cause Franchisee's employees to wear apparel which conforms to the specifications, design, color and style approved by Franchisor from time to time; and

d. To assure that all vehicles used in the course of business shall be in good repair, shall at least meet minimum governmental standards for safety if owned or leased by Franchisee, and shall be operated solely by persons who are properly licensed to operate such vehicles, and who shall obey all traffic laws and otherwise operate such vehicles in a safe manner.

(ii) Franchisee must refurbish the pet care facility in order to maintain a modern, safe, sanitary and uniform image throughout Franchisee's Preppy Pet care services facility. After Franchisee's business has been

open for five years, and on each five year anniversary thereafter, Franchisee must remodel or refurbish its facility, equipment, decor, signage, and furnishings and bring said unit into compliance with then current standards for new units. Franchisee must complete such remodeling, repairs, replacements and redecoration within four months from the date refurbishment notice is forwarded to Franchisee by Franchisor. If Franchisee fails to meet this deadline, Franchisor has the right to engage contractors or vendors to make these changes and bill Franchisee for the work plus a fifteen percent (15%) management fee for overseeing the process.

L. Lease Assignment.

(i) Upon the expiration or the termination of this Franchise Agreement for any reason, Franchisor shall have the right to grant, sell, or assign a franchise or operate a pet care services business itself directly (or through an affiliate) at said location or any place else within the protected territory imposed in Addendum A of this Agreement.

(ii) Should Franchisee cease to operate its business under the Preppy Pet name, or abandons or gives up the Franchise granted under this Agreement, or in the event the Franchise is terminated by Franchisor, Franchisee hereby grants to Franchisor the option (but not the obligation) to take over the lease or rental of the property occupied by the business without compensation to Franchisee.

(iii) Any lease entered into by Franchisee for a site to operate its pet care services business must contain provisions which provide that the landlord agrees to furnish Franchisor with any and all written notices of default concurrently with the giving of such notice to Franchisee and that Franchisor shall have the right (but not the obligation) to cure any said default according to the terms of the lease, and that the lease may be assigned to Franchisor or its designee and that landlord will consent to such assignment without imposing any assignment or transfer fee upon terminations of this agreement or any a breach of the lease by the Franchisee.

M. Management Information Systems.

Franchisee shall install, update, maintain, pay for, and use exclusively for all operations in the Franchise Business those information and management systems specified from time to time by Franchisor. Franchisee acknowledges and agrees that Franchisor owns any and all client lists and their contents that Franchisee may develop during the normal course of operating the Franchised Business. Franchisee promises to keep an up-to-date list of all active and inactive clients in the Management Software Solution, including each client's name, telephone number, email address, complete postal mailing address, frequency of service, last date serviced and price of pet care services contract. The Franchisor has the right to utilize software that allows the Franchisor continuously and without limitation to download the client list. However, from time to time Franchisor may request, and Franchisee agrees to make available to Franchisor, within 3 business days, and upon request, an electronic copy, or in a form approved by Franchisor, a copy of the complete database, including a complete list of active and inactive clients (from the prior three years), including their name, telephone number, email address, complete postal mailing address, frequency of service, last date serviced, and price of service, and other information concerning the clients as requested, which Franchisor may access without limitation. Franchisee promises not to use any client list for any purpose other than in the normal operation of the Franchised Business without prior written approval of Franchisor, and Franchisee may not sell that list or any information regarding clients to any third party without the express prior consent of the Franchisor. Franchisor agrees to not make the client list available to any third or related party, except only those agents of Franchisor acting in an audit capacity as provided for in Section 5H of this Agreement. Franchisee's database is considered to be jointly owned by Franchisee and Franchisor during the term of this

Agreement but becomes solely owned by Franchisor upon the termination or expiration of said Agreement. Franchisor reserves the right to communicate with people on the client list.

N. Information Security.

Franchisee must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, government-issued identification numbers and credit report information ("Personal Information") in accordance with applicable law and industry best practices. It is entirely Franchisee's responsibility (even if Franchisor provides Franchisee assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee will notify Franchisor immediately and specify the extent to which Personal Information was compromised and disclosed. Franchisee shall indemnify, defend and hold the Franchisor harmless from any claims arising from the breach of security or unauthorized access involving Personal Information of the Franchisee.

O. Public Notification.

In all advertising displays and materials distributed off site and at the Franchisee's business, Franchisee shall, in such form and manner as may be specified in the Confidential Operations Manual, notify the public that Franchisee independently owns and operates the Franchise Business, and that Franchisee is operating the business licensed hereunder as a franchisee of Franchisor, as an independent contractor, and not as an agent, representative or employee of Franchisor, and shall identify its business location in the manner specified in the Confidential Operations Manual. Franchisee shall otherwise take such action as may be necessary to hold itself out to the public as an independent contractor. Further, at the request of Franchisor, the Franchisee shall display, or otherwise make available literature provided by Franchisor relating to the availability of Preppy Pet franchises as supplied by Franchisor and at such location(s) as directed by the Franchisor from time to time.

P. Telephone Number and Related Items.

Franchisee shall execute and deliver to Franchisor a form of assignment of telephone numbers and listings required by the applicable local or other telephone company(s) or such other form of assignment as Franchisor shall prescribe (the "Assignment of Telephone Numbers and Listings") prior to the commencement of use of such number(s). See Addendum H. Franchisee acknowledges and agrees that the telephone company and all listing services may accept this Agreement or the Assignment of Telephone Numbers and Listings as conclusive evidence of Franchisor's exclusive right in such telephone numbers and listings and its authority to direct their transfer. Franchisee shall be solely responsible for all fees, charges and costs attributable to the Telephone Numbers and Listings until such time, if any, as Franchisor effectuates the Assignment of Telephone Numbers and Listings pursuant to Franchisee's Post Term Obligations.

Franchisee shall immediately notify the telephone company providing service to the Franchisee and all telephone and internet directory publishers of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other directory listings associated with any Mark, and to

authorize transfer thereof to Franchisor at its direction. Franchisee acknowledges that, as between it and Franchisor, Franchisor has the sole rights to and interest in all telephone numbers and directory and internet listings associated with the Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Franchisee's attorney in fact, to direct the telephone company providing service to the Franchisee and all telephone directory publishers to transfer any telephone numbers and directory listings to Franchisor at its direction, should Franchisee fail or refuse to do so. The telephone company providing such service and all telephone and internet directory publishers may accept such direction or this Agreement as conclusive proof of Franchisor's exclusive rights in such telephone numbers and directory and internet listings and Franchisor's authority to direct their transfer.

Franchisee shall not authorize or allow calls made to the above referenced telephone numbers to be transferred or redirected to any other number, or directory inquiries regarding numbers of the Franchise Business to be referred to any other Business.

6. FEES

In addition to fees specified in other sections of this Agreement, the Franchisee shall be responsible for the payment of the following fees, under the terms and conditions hereinafter set forth:

A. Royalty Fee.

Franchisee shall pay to Franchisor a Royalty Fee, equal to Six and One-Half Percent (6.5%) of the Total Gross Receipts derived from the franchised business.

(i) Commencing on the first anniversary or Franchisee's business' opening, there will be a minimum monthly Royalty due of five hundred dollars ($500), regardless of the amount of total gross receipts collected for the period. If the average monthly Royalty paid during the preceding six (6) months exceeds the minimum Royalty due by 10% or more, no minimum will be imposed for the current month, regardless of the total gross receipts during the current month.

The term "total gross receipts" shall mean the total amount of all revenues paid to the Franchisee, its agents and its employees, from the sale of all products or services under the Preppy Pet mark, and from any other sources of revenue derived from the operation of the franchised business. If a payment or fee is received in the form of merchandise or services, the fair market value of the merchandise or services shall be used in determining the Royalty Fee, and payment shall be made to Franchisor in cash accordingly. The term "Total Gross Receipts" shall exclude any sales taxes that may be levied or any amounts due from customers that are uncollectable.

(ii) Payment of the Royalty Fee shall be made to the Franchisor monthly by the tenth day of the month following the month in which the revenues were received. Franchisee shall make arrangements with its banking institution to permit Franchisor to debit Franchisee's banking account based on Franchise's monthly Royalty Report (a summary of revenues collected) that shall be submitted electronically, by email or fax, as specified from time to time by Franchisor. Franchisee may elect to authorize Franchisor to charge a credit card account for monthly Royalty Fees, with Franchisee agreeing to pay additional processing charges.

(iii) In the event Franchisee fails to pay any Royalty Fee within seven (7) days after it is due, then

Franchisee shall pay a late fee of $50 plus interest on the amount due at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid, but in no event shall Franchisee be compelled to pay interest or fees at a rate greater than the maximum permitted by applicable law.

(iv) In the event Franchisee fails to submit Royalty Reports in a timely manner to permit Franchisor to debit Franchisee's bank accounts for the proper fee, Franchisor will have the right to estimate the amount due and debit Franchisee's account for that amount, making adjustments in subsequent debits to correct any inaccuracy. Franchisor shall be entitled, but not required, to base estimated Royalties on the average of the three preceding month's Royalty payments.

B. Advertising Fee

The Franchisor reserves the right to require the Franchisee to pay up to two (2%) percent of total gross sales of the Franchise into an Advertising Fund that will be used to promote the Preppy Pet name in the marketplace, with the exact amount to be specified by the Franchisor. Franchisor agrees not to collect Advertising Fees until a minimum of twenty-five (25) Franchises are open for business and Franchisor will give 90 days written notice before implementation and collection of fees. If seventy-five percent (75%) of all the existing Franchisees (when at least 10 exist) agree that the collection of Advertising Fees and institution of the Advertising Fund should commence earlier, Franchisor will give 90 day written notice and begin collection of such funds upon the stated commencement date. When instituted, the Franchisee shall pay the amount due monthly, by the tenth of the following month, paid in the same manner as the royalties. The Franchisor will spend these monies on national, regional, or local media, or to develop advertising media for use in local markets or other marketing techniques or programs designed to promote the sales of Preppy Pet Franchisees' products and services to the public. These funds may also be expended by Preppy Pet for market research and development, test or target marketing, the conducting of surveys, creative and production costs, reimbursement to Preppy Pet for reasonable accounting, administrative, and legal expenses associated with the Advertising Fund, or for other purposes deemed appropriate to enhance, promote and defend the Franchisor's trademarks. Franchisor will make available to Franchisee annual reports of payments made from the Advertising Fund and will solicit commentary regarding future expenditures. The Franchisor's staff will manage the Ad Fund whose sole duty will be to budget and spend monies in the Advertising Fund in ways that it deems appropriate after receiving guidance from a Committee of Franchise Owners. Franchisor will not co-mingle Advertising Funds with other funds or accounts.

At such time, if ever, that an Advertising Fund is implemented, Franchisor's affiliate Preppy Pet, Inc. will contribute two percent (2%) (or any lower system-wide percentage rate which is identical to that paid by franchisees) of its Preppy Pet operating units' total gross sales to the Advertising Fund.

The Franchisee also agrees to advertise in its local marketplace, using the Franchisor's Service Mark and Logo, and using advertising copy approved by the Franchisor. The Franchisee agrees to spend at least five percent (5%) of monthly sales on such local advertising (or a total of 5% minus any amount being collected for the Advertising Fund). The Franchisee agrees to make reports as the Franchisor may require to verify such expenditures within 15 days from the end of each month for the preceding month.

7. INDEPENDENT CONTRACTOR

A. It is agreed that, for all purposes, Franchisee shall be considered an independent contractor, and not an employee, agent, legal representative, joint venturer, partner or servant of Franchisor. Franchisee shall not make any contract, agreement, warranty, or representation on behalf of Franchisor nor as Preppy Pet, nor bind Franchisor to any obligation, nor hold itself out as an agent of Franchisor and shall effectively communicate to third parties, Franchisee's individual, corporate or business name and status, in addition to the fact that Franchisee is a licensee of Franchisor.

B. Franchisee and Franchisor agree to indemnify and hold each other harmless from and against any and all costs, damages, expenses (including attorneys' fees) and claims arising directly or indirectly from or as a result of, or in connection with the acts or omissions of the other. The Franchisee indemnifies the Franchisor from any actions arising from the franchised business unless arising from the Franchisor's gross negligence or intentional wrongdoing.

8. TERM

A. This Agreement shall be effective and binding from the date of its execution. The term of this franchise shall expire fifteen (15) years from such date.

B. At the end of said term, Franchisee may renew this Agreement for additional fifteen (15) year terms so long as the following conditions are satisfied:

1. Franchisee has complied substantially with its obligations hereunder during the term and is then in compliance with such obligations at time of giving notice and at time of renewal;

2. Franchisee has given Franchisor written notice of its election to renew at least ninety (90) but not more than one hundred eighty (180) days prior to expiration of the initial term;

3. The Franchisee signs the new Franchise Agreement then in effect, such other companion agreements as the Franchisor then requires of all Franchisees and the Franchisee signs a general release of the Franchisor from all claims;

4. A renewal fee of Ten Thousand Dollars ($10,000) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the renewal shall be paid to the Franchisor at least 30 days before expiration of this agreement. No new initial franchise fee will be charged to Franchisee upon such renewal or renewals.

Upon renewal and execution of a new Franchise Agreement, royalties, advertising fees or other fees and charges will be based on the then current charges of the Franchisor under Franchise Agreements then being granted. Franchisor is not restricted in its right to change other significant provisions of the previously existing Franchise Agreement, other agreements or documents.

9. TERMINATION AND DEFAULT

A. Franchisee may not terminate this Agreement during its term but may decline to renew the Agreement at the end of any 15 year term.

B. Franchisor has the right to cancel, terminate, or refuse to renew this Agreement for the following reasons (in addition to other rights and remedies it may have) without any refund of any portion of the Franchise Fee:

1. If Franchisee fails, refuses, or neglects promptly to pay to Franchisor any money owing to Franchisor on the date due.

2. If Franchisee fails to submit required reports or financial data in a timely manner.

3. If Franchisee defaults in the performance under this Franchise Agreement, a loan, open account billing, contract assignment, or under any other Agreement with, or obligation to, Franchisor, or if Franchisee fails to comply with guidelines, policies and requirements imposed upon it by this Agreement, by the Operations Manual, or by such other operational memoranda issued by Franchisor;

4. If Franchisee violates or fails to comply with any applicable law including state business licensing or bonding laws and fails to cure within the time allowed by law.

5. If Franchisee fails to maintain generally accepted good business practices which will reflect favorably on the Franchisee, Franchisor and its marks. This includes, but is not limited to: prompt response to clients', consumers' or Franchisor's inquiry, by mail, or telephone and payment of liabilities, fees, and debts of the Franchisee.

6. If the business of Franchisee is assigned, transferred, sold, leased, or for any other reason passes from the actual supervision or control of Franchisee without Franchisor's written consent including any transfer, sale, assignment, exchange or any other disposition of shares (or series of such transactions) of a corporate or limited liability company-owned franchise.

7. If Franchisee fails to operate the business continuously for a period of more than fourteen (14) consecutive days during the term of this Franchise Agreement or fails to begin offering pet care services and products within 180 days of signing this Agreement.

8. If Franchisee fails to personally complete or have its designated General Manager complete, the initial training described in Paragraph 4A(i) within 30 days of hire or engagement.

9. If Franchisee makes, or has made, any materially false statement or report to the Franchisor in connection with this Franchise Agreement or application therefor or in reporting Franchisee's revenues and resultant royalties.

10. If Franchisee fails to obtain from its managers, signed, written statements, in which these employees agree to keep secret Franchisor's trade secrets and proprietary information for operation of a Preppy Pet business or if Franchisee delivers to, or permits unauthorized persons access to the Franchisor's confidential

manuals, training programs, or any other confidential materials, or trains any other person to use Franchisor's methods for conduct of a similar business.

11. If Franchisee engages in the marketing, sale, and delivery of various pet boarding services or products, or offers other similar products or services under any other trade name, or business name, or in any geographical area other than that authorized by this franchise agreement, or any subsequent written authorization, or operates the franchised business at a location other than that approved by the Franchisor; sells unauthorized products or services under the Preppy Pet name; or otherwise violates Paragraph 15.

12. (a) If Franchisee shall be adjudicated a bankrupt (unless restricted by the United States Bankruptcy Code) or becomes insolvent; (b) if a receiver of its property, or any part thereof, is appointed by a court of competent authority; (c) if Franchisee makes a general assignment for the benefit of its creditors; (d) if a final judgment against Franchisee remains unsatisfied of record for sixty (60) days or longer (unless a supersedeas bond is filed); (e) if execution is levied against Franchisee's business or property, or suit to foreclose any lien or mortgage is instituted and not dismissed within sixty (60) days; (f) if Franchisee's bank accounts, property or receivables are attached or garnisheed and such attachment or garnishment proceedings are not dismissed within a sixty (60) day period; or (g) if Franchisee is convicted of a felony.

13. If Franchisee breaches any of the terms of this Agreement two or more times within any twelve (12) month period, even if cured.

With respect to the grounds for termination set forth above in subparagraph (1) and (2), Franchisor will deliver to Franchisee written notice of default at least seven (7) days prior to the date of termination; during this seven (7) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (3), (4), (5), and (10), Franchisor will deliver to Franchisee written notice of default at least thirty (30) days prior to the date of termination; during this thirty (30) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (6), (7), (8), (9), (11), (12) and (13), Franchisor will deliver notice of default, and the Franchise Agreement will terminate immediately with no right to cure.

Where notice of default and demand for performance is given, when and to the extent required, such notice or demand shall not be a waiver of any other term hereof. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination, cancellation or non-renewal other than in accordance with such applicable law, then such provisions hereof shall be modified to the extent necessary to comply with the provisions of such applicable law.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

A. Upon the termination of this Agreement and this franchise, or upon their expiration, Franchisee and franchise owner(s), as applicable, shall:

1. Promptly pay to Franchisor (its subsidiaries and affiliates), all sums of money, royalties, fees or other charges due or which are undisputed and have accrued to the date of termination or expiration, as applicable;

2. Cease to use, in any manner whatsoever, the Franchisor's name, the proprietary marks, manuals, catalogs, slogans, signs, forms, devices and other materials, used in connection with the operation of the franchise, and take all necessary steps to disassociate itself from Franchisor, including removal of signs, internet postings, and non-use of letterheads. Franchisee shall not represent or advertise that Franchisor and Franchisee were formerly affiliated with the Franchise System;

3. Immediately return to Franchisor with no demand for compensation, all operations manuals, forms, signs, prospect and customer lists, as well as any other materials provided to Franchisee by Franchisor, its subsidiaries or affiliates; (Franchisor will repay Franchisee for signs or other materials paid for by Franchisee that were purchased from the Franchisor, that are returned in a salable condition, or their value may be credited to any unpaid obligations of the Franchisee);

4. Take whatever action is necessary to cancel, terminate and/or change any assumed name registration, document, or other record which contains the name "Preppy Pet" (or any form or part thereof) or any Proprietary Mark of Franchisor;

5. Agree not to disclose any trade secrets or confidential information of Franchisor, its subsidiaries and affiliates;

6. Immediately cease operation of the terminated or expired franchised business;

7. Notify all telephone companies, of the termination of this agreement and request that all telephone numbers, that have been used to identify the Franchisee as a licensee of Preppy Pet Franchises, Inc, be assigned to the Franchisor or terminated (at the Franchisor's discretion) no later than 7 days after the date of termination or expiration. The phone line(s) should be placed on intercept with no call forwarding unless the Franchisor chooses to accept financial responsibility for the line(s). This agreement to transfer or terminate phone line(s) applies to all telephone numbers whether commercial, residential, cellular, internet-based or other forms of telecommunications. (See Addendum H: Assignment of Telephone Numbers and Listings);

8. Submit to the Franchisor a list containing the names, addresses, telephone numbers and the name of the contact person responsible for purchasing Franchisee’s services and products for each customer that has made a purchase during the prior 18 months;

9. Promptly notify all customers of the termination of this agreement and notify said customers of the existence of other Franchisees of the Franchisor within the same Metropolitan Area, if any exist. In addition, Franchisee must refund to all customers any monies collected for products or services that have not

been earned as the result of this termination or expiration and the resulting inability of Franchisee to deliver said products and provide services under the Preppy Pet Mark.

10. Notify any and all Internet Service Providers, URL Registrars, search engines, directories and other pertinent sources of the termination of this agreement and request that all links, referrals, registrations, and telephone numbers, that have been used to identify the Franchisee as a licensee of Preppy Pet, be assigned to the Franchisor or terminated (at the Franchisor's discretion) 7 days after the date of termination or expiration. Any domain name registrations should be transferred under regulations established from time to time by ICONN or the then current registration authority, to the Franchisor unless the Franchisor chooses not to accept financial responsibility for these URL(s). If this is the case, said name registrations should be cancelled and any web pages containing referrals to the Preppy Pet name or logo or reference to the pet care services and products offered by Franchisee terminated.

11. Offer Franchisor the right to take over any commercial property leases utilized by Franchisee and to purchase for fair market value as established by an qualified independent appraiser selected by the Franchisor any equipment, inventory or leases for equipment utilized by the business.

If Franchisee and/or franchise owner(s), as applicable, fail or refuse to comply with this Section 10 in a professional and expeditious manner, as well as all other obligations hereunder intended to survive termination and expiration of this Agreement and Franchise, including but not limited to the non-disclosure, non-competition and indemnification covenants, then Franchisee and franchise owner(s) agree to pay Franchisor for all costs and expenses, including auditors' and attorneys' fees incurred by Franchisor in an effort to effect compliance thereunder. All obligations of Franchisee, franchise owner(s) and Franchisor hereunder which expressly, or by their nature, survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Franchisor shall have the right, at its sole discretion, to cure any default of the Franchisee and bill the Franchisee for any expenses incurred in eliminating said default.

11. TRANSFERABILITY OF INTEREST

A. Franchisee may not assign this Franchise Agreement nor sell the assets of the business to others without the Franchisor’s written consent. Franchisor may refuse to consent to any assignment, sale, transfer or bequeath by Franchisee of its rights under this Agreement, or to succession of this Agreement by will or intestacy, to any person, partnership, joint venture, corporation or other entity unless that party meets the then current standards for new Franchisees and Franchisee has met the requirements of Paragraph 11B below.

B. Prior to any inter vivos assignment or transfer, Franchisee shall fully pay and satisfy all of Franchisee's obligations to Franchisor, and, if the transfer is to an unrelated third party, Franchisee (or transferee) shall have fully paid to Franchisor a fee equal to Ten Thousand Dollars ($10,000) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the transfer for the training course, supervision, administrative, accounting, legal, and/or other Franchisor expenses incurred in connection with the transfer. In addition, Franchisor shall have the right to review and approve the purchase agreement for compliance with standard business practices, including, but not limited to, the debt burden of the purchaser; the transferee shall have signed a new Franchise Agreement with the Franchisor; training arrangements must be made; and Franchisee must sign a general release of the Franchisor from all claims. An assignment or transfer shall include without limitation, an effective transfer of ownership of 20% or more of

the ownership interest of a franchisee.

C. This Agreement and all of Franchisor's rights, title, duties, obligations, and interest hereunder may be freely assigned, transferred or conveyed by Franchisor and shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

D. Notwithstanding anything stated elsewhere in this Agreement, the Franchisee shall have the right, if it is in full compliance with this Agreement, to transfer, without charge, its rights and obligations under this Agreement to a corporation or a limited liability company in which Franchisee continuously owns one hundred percent (100%) of the issued and outstanding shares of each class of stock or membership shares, provided that the corporation or LLC must agree in writing to be bound by the terms of this Agreement and the Franchisee hereby agrees to remain personally liable in all respects as a guarantor of the obligations of the corporation or LLC. Franchisee shall be in default under the terms of this Agreement if Franchisee, at any time, disposes of any interest sufficient to reduce its ownership in the corporation to less than eighty 80% interest of any class of stock without complying with the steps of Paragraph 11B.

E. Franchisor retains the right to purchase the assets of Franchisee at the same price and on the same terms as any other party. If Franchisee reaches an agreement to sell, assign or transfer this license, or the Franchise Business itself, to another party, it must be subject to Franchisor’s rights. Franchisor will have 10 days to notify Franchisee of its intent to exercise or waive said rights within 10 days of receiving written documentation indicating the Franchisee’s agreement to sell. Franchisor shall have an additional 45 days to complete the purchase, in instances where it decides to exercise its right to purchase, after it has given Franchisee its notice to do so.

12. NON-WAIVER

No failure of Franchisor to exercise any rights reserved to it nor to insist upon strict compliance by Franchisee (or franchise owner(s) as applicable) with any obligation or condition of this contract, and no custom or practice at variance with these terms, shall constitute a waiver of Franchisor's right to demand exact compliance with these terms. Waiver by Franchisor of any particular default by Franchisee (or franchisee owner(s)) shall not affect or impair Franchisor's rights in respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee or franchise owner(s) of any of the terms, provisions, or covenants, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right or of the right to declare any subsequent breach or default of this Agreement. Subsequent acceptance by Franchisor of the payments due to it shall not be deemed to be a waiver by Franchisor of any of its rights arising by a preceding breach by Franchisee or franchisee owner(s) of any terms, covenants or conditions of this Agreement.

13. NOTICE

Any notices required to be given shall be given in writing by personal delivery, or by certified or registered mail, or by reputable commercial overnight delivery service, directed to Franchisor at Preppy Pet Franchises, Inc., 57 West Michigan Street, Orlando, Florida 32806 or to Franchisee at Franchisee's address set forth on the first page of this Agreement. Notice by mail shall be deemed received on the fifth business day following the date it was deposited in the mail.

Either party hereto may change the address to which any notices to such party shall be delivered, by written notice to the other.

14. LIABILITY FOR BREACH

In the event of any breach of this Agreement by either party, in addition to any other remedies the aggrieved party may have at law or in equity, the party in breach shall pay to the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees and auditors' fees incurred by the aggrieved party as a result of any such breach.

15. COVENANT NOT TO DISCLOSE OR COMPETE

Franchisee and any guarantors hereof acknowledge that their initial knowledge of the operation of a Preppy Pet franchise, its products, services and methods of conducting business, is derived wholly from information disclosed to them by Franchisor pursuant to this Agreement, the training programs, the Confidential Operating Manuals and other means, and that such information is proprietary and confidential.

A. So long as this Franchise Agreement is in effect, and for two (2) years thereafter, Franchisee and all Guarantors shall maintain the absolute confidentiality of such information and shall not divulge to, or use for the benefit of, any other person, partnership, association, trust, corporation or entity outside the Franchisor's organization, any confidential or proprietary information of Franchisor nor any information concerning customers, the methods of doing business (including, without limitation, promotion, pricing of services, marketing concepts and other technical information and know-how employed by Franchisor or its franchisees in the boarding and care of pets) which Franchisee or the guarantor may acquire by virtue of their operation under the terms of this Agreement. Information furnished to employees, or agents of Franchisee by Franchisee shall be reasonably limited to that information which directly relates to such employees' or agents' duties. All employees of the Franchisee shall execute like non-disclosure and confidentiality undertakings in writing as a condition precedent to their engagement by Franchisee.

B. So long as this Franchise Agreement is in effect, and for two years thereafter, except for the franchised business licensed hereunder, Franchisee and guarantors expressly covenant that Franchisee and guarantors will not engage, directly or indirectly, within a fifty (50) mile radius of the boundaries of Franchisee's Protected Territory, whether as an owner, stockholder, partner, officer, director, or managerial employee in the business of marketing, selling, and delivering various pet care services or products, or engage in a business similar to that licensed hereunder. In addition, Franchisee and Guarantors will not so engage anywhere in the United States or Canada during the term of this Franchise Agreement or any renewals. If Franchisee and/or Guarantors do so compete (whether by reason of the unenforceability of such covenant not to compete or otherwise), Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve

months times thirty-six (36). The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee and/or the franchise owners by reason of such competition by them.

C. This Covenant is entered into by and between the parties hereto with full knowledge of its nature and extent. They hereby acknowledge that the Franchise Agreement would not be entered into by the Franchisor except upon the condition that such restrictive covenant be embodied herein and that, as such, they be enforceable, in the event of a breach by Franchisee and/or the franchise owners, by injunctive relief, and/or any other remedies available at law or equity to Franchisor, which remedies shall be cumulative. Franchisee and the franchise owners expressly acknowledge and represent that, prior to entering into this Agreement, they were employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event they were prohibited from engaging in the business of selling and delivering pet care services and products.

16. ENTIRE AGREEMENT

This Agreement and the documents to which reference in it has been made, shall be construed together and constitute the entire, full and complete agreement between the parties and shall supersede all prior agreements, no other representation having induced Franchisee and franchise owner(s), as applicable, to execute this Agreement. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect. No amendment, change or variance from this Agreement shall be binding on any party unless executed in writing. Nothing contained in this Agreement shall waive or release Franchisor's liability with respect to representations made in Franchisor's Franchise Disclosure Document.

17. SEVERABILITY

Each paragraph, section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining paragraphs, sections, parts, terms, and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties. Said invalid paragraphs, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

18. MEDIATION AND ARBITRATION

A. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, or the breach thereof, shall be subject to mandatory non-binding Mediation. The Mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party gives written notice of Mediation. If either party alleges a dispute or controversy against the other party for any reason, except for those specified above, then either party will have the right to demand non-binding Mediation

within the (10) days after the complaining party provided the other party with written notice describing the dispute or controversy and the desired action. All Mediation hearings will take place exclusively in Orlando, Florida, and will be held within twenty (20) days after the Mediator has been appointed. The Mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be shared equally by the parties. The parties agree that they will act in good faith to settle any dispute or controversy between them either prior to or during Mediation. All matters, testimony, arguments, evidence, allegations, documents and memorandums will be confidential in all respects and will not be disclosed to any other person or entity by either party.

The Franchisor and the Franchisee will not have the right to commence any Arbitration or legal proceedings against the other party until the dispute or controversy has been mediated as provided for herein, unless said dispute is of a nature excluded from Mediation as set forth above or if neither party has requested mediation. Both parties will have the right to take all actions necessary to demand Arbitration or to commence legal proceedings prior to any Mediation hearing; however, neither party will have the right to an arbitration hearing or to prosecute any legal proceedings beyond commencement of an action until the Mediation has concluded.

B. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, or the breach thereof, not resolved through Mediation, shall be resolved by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Said Arbitration shall take place at Orlando, Florida. Judgment entered upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The parties agree that they shall be entitled to take discovery by way of depositions and requests for production of documents and that AAA-issued subpoenas shall suffice for compelling same. Each party shall determine the extent of the discovery it desires to undertake and shall submit to the arbitrator (and serve on the opposing party) a schedule of such intended discovery. Each party shall be entitled to take discovery pursuant to its schedule unless objection thereto is made by the other party within 10 days after service of said schedule. The parties shall make a good faith attempt to resolve all objections. Any unresolved objections shall be submitted to the arbitrator for resolution.

C. Nothing herein shall bar the right of either party to obtain injunctive relief against threatened or actual conduct under the usual rules of equity, including the applicable rules for obtaining preliminary injunctions.

19. FRANCHISEE

The term "Franchisee" shall be deemed to include all persons who succeed to the interest of the original Franchisee by transfer or operation of law.

20. VENUE/GOVERNING LAW

This Agreement was entered into in the State of Florida and this Agreement, and all disputes between the parties hereto, shall be interpreted and construed under its laws. The parties agree that any action in which Franchisor is a party brought by any party against another party in connection with any disputes, rights or obligations arising out of this Agreement shall be instituted in a state court of competent jurisdiction with venue only in Orange County, State of Florida, or in the United States District Court for the Central District of Florida, Orlando Division except and only to the extent prohibited by applicable law. Any party to this Agreement named as a defendant in such an action brought in connection with this Agreement in any other court outside of the above-designated county or district shall have the right to have the venue of said action changed to the above-designated county or federal district, unless precluded by applicable law. Franchisee hereby agrees to submit personally to the jurisdiction of a court of competent subject matter jurisdiction located in the above-designated state and county or federal district, except in any legal proceeding where Franchisor is not a party. The parties acknowledge that this Agreement is executed in and that a material portion of Franchisor's obligations under this Agreement are to be performed in, the above-designated state and county and federal district.

Nothing contained in this paragraph shall prevent or prohibit Franchisor from seeking an injunction or other equitable relief in any court of competent jurisdiction.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate the day and year first above written.

Witnesses:

PREPPY PET FRANCHISES, INC.
(FRANCHISOR)

_____ By_____
Duly Authorized

_____ _____
Franchisee (Seal)

_____ _____
Printed Name

_____ _____
Franchisee (Seal)

_____
Printed Name

ADDENDUM A TO THE FRANCHISE AGREEMENT
FRANCHISEE'S PROTECTED TERRITORY

Franchisee is authorized to open and operate only one pet care services facility offering pet daycare and boarding services under the Preppy Pet mark at a location to be determined within the Designated Area known as_____ which is defined as lying within these boundaries:

(See map attached.)

Franchisee agrees to only provide Preppy Pet services from its single location that will be identified and deemed approved with the issuance of Addendum C to this Agreement.

Witnesses:

PREPPY PET FRANCHISES, INC.
(FRANCHISOR)

_____ By_____
Duly Authorized

_____ _____
Franchisee (Seal)

_____ _____
Printed Name

_____ _____
Franchisee (Seal)

_____
Printed Name

ADDENDUM B TO THE FRANCHISE AGREEMENT

CLOSING ACKNOWLEDGMENTS

In order to ensure that your decision to purchase a Franchise from Preppy Pet Franchises, Inc. (Franchisor) is based upon your own independent investigation and judgment, please complete and sign this Acknowledgment.

1. I (we) have not received any information, either oral or written, regarding the sales, revenues, earnings, income or profits of Preppy Pet Franchisees from any officer, employee, agent or sales representative of Franchisor that is not contained in Item 19 of the company's Franchise Disclosure Document.

2. I (we) have not received any assurances, promises or predictions of how well my (our) Preppy Pet franchise will perform financially from any officer, employee, agent or sales representative of Franchisor.

3. I (we) have made my (our) own independent determination that I have adequate working capital to develop, open and operate my (our) Preppy Pet franchise.

4. I (we) acknowledge that Franchisor will use reasonable efforts to assist me (us) in choosing a location for my (our) Preppy Pet center, but I also understand that I am (we are) responsible for the final decision regarding the selection of a suitable territory and site.

5. I (we) am not relying on any promises of Franchisor which are not contained in the Franchisor Franchise Agreement.

6. I (we) understand that my (our) investment in a Preppy Pet Franchise contains substantial business risks and that there is no guarantee that it will be profitable.

7. I (we) have been advised by Franchisor and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my (our) Preppy Pet Franchise.

8. I (we) acknowledge that the success of my (our) Preppy Pet franchise depends, in large part, upon my (our) ability as an independent business person(s) and my (our) active supervision of the day-to-day operation of the business.

9. The name(s) of the person(s) with whom I (we) dealt in the purchase of my (our) Preppy Pet Franchise is (are) _____.

Dated:_____

_____
Printed Name

_____
Signature

_____
Printed Name

_____
Signature

ADDENDUM C TO THE FRANCHISE AGREEMENT

Franchisee's Approved Location is hereby identified as follows:

Franchisee is authorized to open and operate one pet care services facility offering pet daycare and boarding -

services under the Preppy Pet mark at the following specific site:

_____

Your Protected Territory will be known as_____ which is defined as lying within these boundaries:

(See map attached.)

Witnesses:

PREPPY PET FRANCHISES, INC.
(FRANCHISOR)

_____ By_____
Duly Authorized

_____ _____
Franchisee (Seal)

_____
Printed Name

_____ _____
Franchisee (Seal)

_____
Printed Name

ADDENDUM D TO THE FRANCHISE AGREEMENT

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") by Preppy Pet Franchises, Inc. (hereafter "Franchisor"), each of the undersigned individuals, ("Guarantors") hereby personally and unconditionally: (1) guarantees to Franchisor and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement and comply with all sections of the Agreement, as though the undersigned were the Franchisee.

Each of the undersigned waives:

(a) acceptance and notice of acceptance by Franchisor and its affiliates of the foregoing undertakings;

(b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

(c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that:

(a) his direct and immediate liability under this guaranty shall be joint and several;

(b) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so:

(c) such liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Franchisee or any other person;

(d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this guaranty.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

PERCENTAGE OF OWNERSHIP INTERESTS IN FRANCHISEE	GUARANTOR(S)
_____	_____
_____	_____
_____	_____
_____	_____

ADDENDUM E TO THE FRANCHISE AGREEMENT

FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

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.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

The Franchise Agreement requires application of the laws of the state of Florida . This may not be enforceable under California Law.

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

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

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

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

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.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Illinois State Law Appendix

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

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 the Act is void."

The Franchise Agreement requires that a Franchisee shall be subject to the jurisdiction or venue of any state or federal court in Florida . These provisions may not be enforceable under Illinois law.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

Minnesota State Law Appendix

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FOR RESIDENTS OF THE STATE OF NEW YORK

Registration of this franchise by New York State does not mean that New York State recommends it or has verified the information in this Disclosure Document.

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 set forth in this prospectus.

All references to “Disclosure Document” shall be deemed to include the term “Offering Prospectus” as used under New York law.

Item 3 of this Offering Prospectus is supplemented with the following: “Neither the Franchisor nor any person identified in Item 2 of this Disclosure Document has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint, or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.”

Item 4 of this Offering Prospectus is supplemented with the following: “During the fifteen (15) year period immediately preceding the date of this Offering Prospectus, neither the Franchisor nor any officer or general partner of the Franchisor has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or general partner in any partnership that was adjudged bankrupt

or reorganized due to insolvency during or within one year after the period that such officer or general partner of the Franchisor held such position in such company or partnership, or is subject to any pending bankruptcy or reorganization proceeding."

Modifications that we make to our Confidential Operations Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

Provisions of general restrictions are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

We will not make any assignment of the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33.

Washington State Law Appendix

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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 or rights of remedies under the act such as a right to a jury trial may not be enforceable.

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

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding Section 16 of the Franchise Agreement to the contrary, this Addendum will not be merged with or into, or superseded by, the Franchise Agreement. In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum will be controlling. Except as otherwise

expressly set forth in this Agreement, no other amendments or modifications of the Franchise Agreement are intended or made by the parties.

Applicable state or commonwealth: _____

In witness whereof, the parties hereto have duly executed and delivered this Addendum as of the date of execution of the Franchise Agreement.

PREPPY PET FRANCHISES, INC.	FRANCHISEE
_____	_____
By:	Signature
	_____
	Print name
	_____
	Signature
	_____
	Print name

ADDENDUM F TO THE FRANCHISE AGREEMENT
BANK AUTHORIZATION FORM

I hereby authorize Preppy Pet Franchises, Inc. to initiate debit entries to my ____ Checking ____ Savings account indicated below at the depository named below, hereinafter called DEPOSITORY and authorize DEPOSITORY to debit the same to such account.

DEPOSITORY (BANK) NAME: _____

BRANCH: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

Bank/ABA #: _____

ACCOUNT #: _____

This is to remain in full force and effect for the entire term of the Franchise Agreement, including renewals, unless upon ten (10) days written notice this authorization is subsequently replaced by maker.

FRANCHISEE: _____

FEDERAL IDENTIFICATION: _____
(Please print or type)

SIGNED: _____

DATE: _____

ADDENDUM G TO THE FRANCHISE AGREEMENT
COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____, ("Tenant") hereby assigns, transfers and sets over unto Preppy Pet Franchises, Inc, a Florida Corporation ("Preppy Pet") all of Tenant's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____.

This Agreement is for collateral purposes only and except as specified herein, Preppy Pet shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of the Lease unless Preppy Pet shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Tenant thereunder after the date of such assignment.

If Preppy Pet takes possession of the premises demised by the Lease and confirms to Landlord the assumption of the Lease by Preppy Pet or its designee as tenant thereunder, Landlord shall recognize Preppy Pet as tenant under the Lease, and Preppy Pet, or its designee shall not be liable for prior defaults or for obligations prior to the date of such assignment to Preppy Pet.

Tenant represents and warrants to Preppy Pet that it has full power and authority to so assign the Lease and its interest therein and that Tenant has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby to any party other than Preppy Pet or Preppy Pet designee.

Upon default by Tenant under the Lease or under the franchise agreement for a Preppy Pet store between Tenant and Preppy Pet (the "Franchise Agreement"), or in the event of a default by Tenant under any document or instrument securing said Franchise Agreement, Preppy Pet shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Tenant therefrom and, in such event, Tenant shall have no further right, title or interest in the Lease.

Tenant agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Preppy Pet. Through the term of the Franchise Agreement and any renewals thereto, Tenant agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Preppy Pet otherwise agrees in writing. Upon failure of Preppy Pet to otherwise agree in writing, and upon failure of Tenant to so elect to extend or renew the Lease as stated herein, Tenant hereby appoints Preppy Pet as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Tenant for the sole purpose of effecting such extension or renewal.

This _____ day of _____, 201___

TENANT: _____

By: _____

Name: _____

Title: _____

Witness:

FRANCHISE OWNERS:

By: _____

_____

Name

By: _____

Witness

PREPPY PET FRANCHISES, INC

_____

By: _____

Name: _____

Title: _____

Witness:

ADDENDUM H
ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

This Assignment is entered into this _____ day of _____, 201_, in accordance with the terms of that certain Preppy Pet Franchises, Inc. Franchise Agreement (the "Franchise Agreement" between _____ ("Franchisee") and Preppy Pet Franchises, Inc. a Florida Corporation ("Franchisor"), executed concurrently with this Assignment, under which "Franchisor" granted "Franchisee" the right to own and operate a Preppy Pet "Facility" located at _____ (the "Facility").

For Value Received, "Franchisee" hereby assigns to "Franchisor", all of the right, title and interest in and to those certain telephone numbers listed below and any other telephone numbers hereafter associated with the business, regardless of the technology used (ie: standard twisted wire, cellular, VOIP, etc.) and regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings") associated with Franchisor's trademarks and service marks and used from time to time in connection with the operation of the Unit at the address provided above. Except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the Telephone Company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as the Telephone Company) to effectuate the assignment pursuant to the terms thereof.

PREPPY PET FRANCHISES, INC.		FRANCHISEE:	
By:	_____	By:	_____
Name:	_____	Name:	_____
Title:	_____	Title:	_____

Telephone Numbers

_____	_____
_____	_____
_____	_____

~~**23. RECEIPT**~~

ADDENDUM H SBA LOAN AGREEMENT

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	July 12, 2019
New York	December 10, 2019
Virginia	September 29, 2019

ADDENDUM TO LICENSE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Licensor"), located at _____, and _____ ("Licensee"), located at _____.

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

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

CHANGE OF OWNERSHIP

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

FORCED SALE OF ASSETS

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

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

COVENANTS

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

EMPLOYMENT

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

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

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

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

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title:_____

Authorized Representative of LICENSEE:

By: _____

Print Name: _____

Title:_____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Licensee. Additionally, the applicant Licensee and the (type of agreement) system must meet all SBA eligibility requirements.

23. RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Preppy Pet Franchises, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Washington law requires a franchisor to provide the Franchise Disclosure Document to the purchaser at least ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Preppy Pet Franchises, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and Should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state officials in your state, as listed on the attached schedule of state agencies. In the states listed on the attached schedule of state agencies, we have designated the agency listed as its agent for service of legal process in each of the states listed.

The Franchisor's registered agent in the State of Florida is Jerry Gore. The Franchisor may receive service of process at 57 West Michigan Street, Orlando, Florida 32806 and 407-420-1060.

Jerry Gore and Melanie Gore will act as franchise sellers. They are based at 57 West Michigan Street, Orlando, Florida 32806 and their contact number is 407-420-1060.

I received a disclosure document dated ~~April 30~~July 27, 20~~19~~20 that included the following Exhibits: Audited Financial Statements Dated December 31, 201~~6~~7, 201~~7~~8, and 201~~8~~9 (Exhibit A); Unaudited P&L and Balance Sheet for the five months ended May 31, 3030; the Sample Non-Disclosure and Non-Compete Agreement (Exhibit B), Schedule of State Agencies (Exhibit C), State-Specific Amendments (Exhibit D), and Franchise Agreement with Addenda (Exhibit E).

_____ _____

Witness Signature of Prospect

_____

Printed Name

_____

Address

_____

City, County, State ZIP

_____

Date

(Please sign and date this page and retain for your records)

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_____ _____

Witness Signature of Prospect

_____

Printed Name

_____

Address

_____

City, County, State ZIP

_____

Date

(Please sign and date this page and return it to Preppy Pet Franchises, Inc.)