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THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

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March 14, 2018

FRANCHISE DISCLOSURE DOCUMENT
The Great American Barbershop Franchise, Inc.
1952 N. Mcarthur Avenue, Clovis, CA 93619
a California Corporation
707-410-8433
Franchise@thegreatamericanbarbershop.com
www.thegreatamericanbarbershop.com

THE GREAT AMERICAN BARBERSHOP ®

You will receive a franchise from The Great American Barbershop Franchise, Inc. ("The Great American Barbershop"). It will authorize you to operate one or more The Great American Barbershop Franchise shop ("Shops") which feature precision high-quality men's haircuts and shaves using a proprietary method developed by the founder of The Great American Barbershop. We offer area development franchises for the rights to open multiple The Great American Barbershop Shop in a designated area or areas. We primarily offer single Shop franchises but we may offer multiple Shop franchises in certain circumstances.

The estimated total investment necessary to begin operations for a The Great American Barbershop franchise ranges from $175,500 to $297,000 excluding land or lease. This includes $35,000 that must be paid to the franchisor as franchise fee. In the case of an area developer, the estimated initial investment for the area developer ranges from $496,500 to $861,000 based on the development of three Shops, including the franchise fee to be paid to the Franchisor. The franchise fee for an area developer is $75,000, including $35,000 for the first Shop, and $20,000 each for the next two Shops. Your estimated initial investment as an area developer will vary based on the total number of Shops.

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 authority 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, please contact Mr. Martin Stein at 1952 N. Mcarthur Avenue, Clovis, CA 93619; Phone number: 707-410-8433.

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 an attorney 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.

Issuance Date: March 9th, 2018

STATE COVER PAGE

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

Call the state administrators listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state.

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

Please consider the following RISK FACTORS before you purchase the franchise summarized in this Franchise Disclosure Document:

(1) THE FRANCHISE TERRITORY IS NOT EXCLUSIVE.

(2) THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR MEDIATION. OUT-OF-STATE ARBITRATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY COST YOU MORE TO ARBITRATE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

(3) THE FRANCHISE AGREEMENT REQUIRES THAT ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT SHALL BE BROUGHT WITHIN THE STATE OF CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE IN CALIFORNIA THAN IN YOUR HOME STATE. THIS PROVISION IS SUPERSEDED BY CERTAIN STATE LAWS.

(4) THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

(5) THE FRANCHISE AGREEMENT PROVIDES THAT LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT, AND THE LAWS OF THE STATE OF CALIFORNIA MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAW OF YOUR STATE OF RESIDENCE. YOU ARE ENCOURAGED TO COMPARE THESE LAWS AND DISCUSS THE DIFFERENCES WITH YOUR ATTORNEY.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Dates: See next page for state effective dates.

STATE EFFECTIVE DATES

The following states require the disclosure document be registered or filed with the state, or be exempt from registration:

State	Insert Date
California	____________

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT
CALIFORNIA

Contents

EXHIBITS

ITEM 1: THE FRANCHISOR, AND ANY PARENT, PREDECESSORS AND AFFILIATES
The name of the franchisor is The Great American Barbershop Franchise, Inc., which is referred to in this Franchise Disclosure Document as "The Great American Barbershop", "GABS," "we" or "us."

"You" or the "Franchisee" means the individual, corporation, partnership, limited liability company or other entity which buys the franchise from us.

If the Franchisee will operate through a corporation, partnership, limited liability company or other entity, "you" also includes the Franchisee's owners or partners.

The Franchisor

We are a California Corporation, organized on October 23, 2017. Our principal business address is 1952 N. Mcarthur Avenue, Clovis, CA 92619. We conduct business under the name The Great American Barbershop and The Great American Barbershop Franchise, Inc.

We began offering franchises ("Franchises") for The Great American Barbershop Shops in ________________________, 2018. We have not previously operated or offered franchises in any line of business. We have no predecessors required to be disclosed in this Franchise Disclosure Document. We do not maintain a sales office in any location other than our principal place of business and do not retain the services of any sales organization.

Our agent for service of process is Tye Featherstone and its principal business address is 1952 N. Mcarthur Avenue, Clovis, CA 93619.

We operate three (3) shops that are our affiliates but are not a part of the Franchise and are not owned or operated by The Great American Barbershop Franchise, Inc. The affiliates are separate and independent entities.

No affiliate is offering franchises under our principal trademark.

The Franchise

The Great American Barbershop franchisees operate a re-imagined version of old-style barbershops with a modern twist that specialize in men's haircuts and shave. The Great American Barbershop is about the experience-a place just for the guys. A place where men feel comfortable and want to hang out, but most importantly, get a proper haircut and a shave. With few exceptions, the Shops will be open year round, closing only on selected holidays. The Great American Barbershop Shops operate from an approved retail location under our system, which includes, among other things, distinctive techniques, preparation techniques, product specifications; signs, trade secrets and other confidential information, architectural designs, trade dress, layout plans, uniforms, equipment specifications, inventory and marketing techniques ("The Great American Barbershop System").

The Great American Barbershop System includes other special characteristics identified to the public by The Great American Barbershop's service marks like the Great American Barbershop™, trade names, emblems, signs, slogans, insignia and copyrights as have been designed by The Great American Barbershop's for use with The Great American Barbershop System (the "Marks").

The Great American Barbershop is a rock and roll barbershop that provides haircuts on a proprietary system to complete a predetermined set of added value services. The Great American Barbershop uses a "walk-in" model where no appointment is needed. These Shops are located in dense urban areas, regional shopping centers and retail strip malls. Their focus is primarily men and children's grooming and haircare but they do provide limited women's haircare services as well. The Shops are open 7 days a week and offer a cool and modern ambience to customers.

Some The Great American Barbershop Franchisees are given the right to build a specified number of The Great American Barbershop Shops in a specified area (the "Development Area") in accordance with a development schedule (the "Development Schedule") which provides a timetable and deadlines for developing additional Shops. Franchisees who are given a Development Area must sign the area development agreement attached to this Franchise Disclosure Document as Exhibit C ("Area Development Agreement"). Franchisees with Area Development Agreements must also sign a franchise agreement for the first The Great American Barbershop Shop at the same time as the Area Development Agreement is signed. While we primarily offer multiple Shop franchises to each Franchisee, we may, under certain circumstances such as for non-traditional location venues, offer single Shop franchises. Franchisees are required to sign a separate franchise agreement for each Shop on the then-current form used by us at the time. Our standard franchise agreement is attached to this Franchise Disclosure Document as Exhibit D (the "Franchise Agreement").

Market and Competition

The primary target-customers (market) for the services offered by The Great American Barbershop Shops are men, but The Great American Barbershop Shops also offer services for women and children. The goods and services offered by The Great American Barbershop Shops are not seasonal, although in some areas sales vary to some extent by season, holidays etc. The men's haircut market as a whole and almost every area in which we will grant franchises is well-developed and highly competitive, and includes retail units, bundled services at salons, shaving services etc.. Our Franchisees have to compete with numerous other independent and chain-affiliated men's haircut or shave services, some of which may be franchised. Many men's haircut franchise systems have already established national and international brand recognition, while we have not yet done so.

Many states and local jurisdictions have enacted laws and regulations which may apply to the operation of your The Great American Barbershop Shop, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of your Shops; (b) regulate matters affecting the health, safety and welfare of your customers, such as: general health and sanitation requirements; employee practices concerning the storage, restrictions on smoking and exposure to tobacco smoke or other carcinogens or reproductive toxins and saccharin; availability of and requirements for public accommodations, including restrooms and access for handicapped persons; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; (e) govern the use of vending machines; (f) regulate the proper use, storage and disposal of grease and other waste, insecticides and other hazardous materials; (g) establish requirements concerning withholdings and employee reporting of taxes on tips.

Each employee of your Shop who will actually perform haircare services must be a licensed barber or cosmetologist in the state in which your Shop is located. Additionally, your Shop must apply for and receive a license from the state to offer cosmetology services before opening. You should consult with a legal advisor about what legal requirements apply to your The Great American Barbershop Shop. You must also comply with employment, worker's compensation, insurance, corporate, taxing, payment car industry data security standards, and other laws and regulations. Failing to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2 BUSINESS EXPERIENCE

The following is a list of directors, principal officers, and other executives who have management responsibilities for the operation of our business relating to the franchises described in the franchise disclosure document. For the purpose of this Item 2, The Great American Barbershop, Inc., The Great American Barbershop Franchise, Inc., and any affiliates are sometimes collectively referred to as "GABS" or "The Great American Barbershop Entities." The principal occupation and business experience of each person during the past five years, including the names and locations of prior employees, are described below. Unless otherwise indicated, the location of the employer is Clovis, California.

President and Chief Executive Officer: Mr. Tye Featherstone

Mr. Featherstone became the President and Chief Executive Officer of The Great American Barbershop Franchise, Inc. in October 2017. From December 2014 to September 2017, he was the President of The Great American Barbershop in Fresno, CA. From May 2005 to November 2014, he was the President of Tye Featherstone Hair Designs in Fresno, CA.

Chief Operating Officer: Mr. Martin Stein

In November 2017, Mr. Stein joined The Great American Barbershop Franchise, Inc. as the Chief Operating Officer. From September 2014 to October 2017, Mr. Stein was the Chief Executive Officer of Stein Consultants, LLC, based in Lexington, KY. From June 2012 to August 2014, Mr. Stein served as the Director of Marketing and Sales for Best Choice Roofing in Nashville, TN.

ITEM 3 LITIGATION

Pending Litigation

Neither The Great American Barbershop Franchise, Inc. nor any of its officers, directors or other affiliates described in this Franchise Disclosure Document has pending against it or him: (A) any administrative, criminal or material civil action alleging a violation of a franchise, antitrust, or securities law, or alleging fraud, unfair or deceptive practices, or comparable allegations or (B) civil actions, other than ordinary routine litigation incidental to the business, which are material in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

Certain Actions Involving the Franchise Relationship During the Past Fiscal Year

Neither The Great American Barbershop Franchise, Inc. nor any of its officers, directors or other affiliates described in this Franchise Disclosure Document has been involved in any material civil action involving the franchise relationship in the last fiscal year.

Certain Other Actions

Neither The Great American Barbershop Franchise, Inc. nor any of its officers, directors or other affiliates described in this Franchise Disclosure Document has in the last ten years (A) been convicted of or pleaded nolo contendere to a felony charge or (B) been held liable in a civil action involving an alleged violation of a franchise, antitrust, or securities law, or involving allegations of fraud, unfair or deceptive practices, or comparable allegations.

Neither The Great American Barbershop Franchise, Inc. nor any of its officers, directors or other affiliates described in this Franchise Disclosure Document is subject to a currently effective injunctive or restrictive order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise or to a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Agreement

The "Initial Franchise Fee" for a The Great American Barbershop Shop is $35,000. If you are opening additional The Great American Barbershop Shops, you will pay a reduced initial franchise fee of $20,000 each subsequent Shop. The Initial Franchise Fee is uniform for all Franchisees, payable IN FULL when you sign a Franchise Agreement and is nonrefundable. For any subsequent Franchise Agreements that you sign, you will pay $20,000 of this amount (the "Partial Initial Franchise Fee").

If you do not already have a Shop, you will be required to pay a new Shop training fee of $800 per day for up to two people. The training is expected to last three (3) days. This fee will be due prior to the start of the initial training, is uniform and non-refundable.

Area Development Agreement

You must pay a development fee (the "Development Fee") equal to the Initial Franchise Fee for your first Franchise Agreement ($35,000) plus an additional Forty Thousand Dollars ($40,000), which will go towards the franchise fee for your next two Shops. The franchise fee for each Shop will be Twenty Thousand Dollars ($20,000). You will be required to sign Franchise Agreements for the additional Shops upon the earlier of the submittal of a site for acceptance or 180 days before the development obligation date for that Shop. The Development Fee is uniform for all Franchisees, is payable when you sign your Area Development Agreement and is nonrefundable under any circumstances, even if you fail to open any The Great American Barbershop Shops.

ITEM 6 OTHER FEES

OTHER FEES

Type	Amount	Payment Due	Notes
Royalty Fee	6% of Gross Sales	To be paid via Electronic Funds Transfer (EFT), every Wednesday, based on Gross Sales the prior week	See Note 1, for definition of Gross Sales
Marketing Fee	2% of Gross Sales	To be paid, on or before the 10th of each month, via EFT	See Note 1, for definition of Gross Sales
Additional Training	$800/week and $1,500/week for dispatching trainer and manager to store locations	Prior to training	Franchisees are responsible for any additional training requested.
Renewal Fee	1/3 of then-current franchise fee	Within 30 days of the date, notice to exercise renewal option is given, which must be at least 12 months before expiration of current term.	Only required if Franchise Agreement is renewed.
Transfer Fee	$15,000	Paid in full; Must be approved by company	Franchise Agreement defines what constitute "transfer" requiring payment of a fee.
Audit	Based on actual costs	Upon receipt of invoice	Franchisees are responsible for the

[1] For the purposes of determining the royalties to be paid, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Shop (including, without limitation, and any sales of products, new services, vendor products etc.), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system. Gross Sales shall not include the following: (1) Receipts from the operation of any products from vending machines located at the Shop, except for any amount representing Franchisee's share of such revenues; (2) Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Shop and any other tax, excise or duty, which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Shop, provided that such taxes are actually transmitted to the appropriate taxing authority; (3) Returns to shippers or manufacturers. *See also, Section 2.2 of Franchise Agreement.*

			full cost of the audit, if audit discloses understating Gross Sales of 2% or more.
Late Payment	5% of payment due, together with interest, at one percent per month	On receipt of invoice	Interest is payable on full overdue amount, beginning with date payment is due until payment, late charge and interest is paid in full; Cannot exceed highest legal rate.
Indemnification	Will vary, depending upon circumstances	As incurred	Franchisees must reimburse any losses, The Great American Barbershop, Inc. suffers from the operation of your business.
Costs & Attorney's Fees	Will vary, depending upon circumstances	As incurred	Awarded to prevailing party, if both parties are involved in any legal claim

ITEM 7 YOUR ESTIMATED INITIAL INVESTMENT

You will be required to make various expenditures in addition to the payments described above in Items 5 and 6 in connection with commencing operation of a Shop. The following tables set forth the range of expenditures we anticipate as reasonable for the total initial investment which may be required to establish a Shop, but subject to variations according to location and site. Except for security deposits, all payments should be assumed to be non-refundable. All payments are expected to be determined prior to opening of the Shop itself. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Shop. In addition to our experience, the experience of our officers and our current requirements for The Great American Barbershop Franchisees, these estimates are based on the historical costs to open a location of The Great American Barbershop during 2016, which, averaged approximately $445,152.99 per store (based on two stores that were open in 2016). The factors underlying our estimates may vary, and the actual investment you make in developing and opening your Shop may be greater or less than the estimates given. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. You should review these figures carefully with a business advisor before making any decision to purchase a Franchise.

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Payment Method	Payment Due	Payment Made To
Initial Franchise Fee	$35,000	Lump Sum	Upon signing of Franchise Agreement	The Great American Barbershop, Inc.
Real Estate Security/Utility Deposits, License and Prepaid Fees	$3,000-10,000; Fees will vary by location	As arranged	When incurred	Landlord, Government Agencies
Equipment & Furniture	$30,000-$60,000	As arranged	When incurred	Suppliers
Leasehold Improvements	$40,000-$80,000	As arranged	When incurred	Suppliers, The Great American Barbershop Franchise, Inc.
Opening Inventory	$5,000-$10,000	As arranged	When incurred	Suppliers, The Great American Barbershop Franchise, Inc.
Insurance	$1,500-$6,000	As arranged	When incurred	Suppliers
Signage/Menu Board	$3,000-$6,000	As arranged	When incurred	Suppliers
Grand Opening Promotion	$6,500-$10,000	As arranged	When incurred	Suppliers
Cash Registers/Office Equipment	$1,500-$5,000	As arranged	When incurred	Suppliers
Additional Funds	$50,000-$75,000	As arranged	When incurred (within the first three months)	Employees, Suppliers
Total Basic Package: $175,500-$297,000				

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to maintain a uniform look, aesthetics and brand under the System, we require that our Franchisee use only approved products. They can order the products from any source they deem to be legal and reliable but must not deviate from the product list except where provided in the Franchise Agreement.

Franchisor will provide a "Mandatory Carry List," and a "Do Not Carry" list based on products that the Franchisor has tried and researched. All Shops must adhere to the lists which will be in the Franchise Operations Manual. The lists can change at any time and all products that are removed from the list must be phased out within 90 days from every Shop.

You must operate your The Great American Barbershop Shop according to the Great American Barbershop System according to our specifications and guidelines. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software and real estate related to establishing and operating your Shops according to the Great American Barbershop System and our specifications, which may include purchasing these items from approved suppliers.

Our The Great American Barbershop Franchise Operations Manual (the "Franchise Manual") states our specifications and guidelines for all products and services we require you to obtain and sets forth approved vendors for these products and services. We will notify you of new or modified specifications and guidelines through periodic amendments to the Franchise Manual or through other written communications (including e-mail).

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the specifications described in the Franchise Manual or otherwise in writing. We utilize proprietary haircare products and proprietary techniques and methods of haircuts and shaves ("Proprietary Products") and may continue to develop and own proprietary techniques and methods. You must purchase the Proprietary Products we develop from time to time, pursuant to our proprietary haircut techniques and formulas, and purchase them only from suppliers which we have approved to prepare and sell the Proprietary Products. Certain products such as water bottles, razors, bags and containers bearing the Marks must be purchased by you from certain suppliers approved by us who are authorized to manufacture these products bearing our Marks.

We may designate certain non-proprietary products, such as fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, service menus, packaging, forms, computer hardware, software and other products, supplies, services and equipment, other than Proprietary Products, which you may or must use or sell at your Shops ("Non-Proprietary Products"). You may use, offer or sell only those Non-Proprietary Products that we expressly authorize. You must at all times maintain an inventory of approved products, in quantity and variety to realize the full potential of your Shops. You must use the services menus and menu boards that we designate and follow all instructions designated in the Manual.

Your Shops must be constructed and equipped in compliance with our most current design criteria. You may employ our designated architecture firm or any architects and general contractors you desire, so long as they meet our approval; however, all plans and modifications to a Shop must be submitted to us for our review and acceptance before you start construction. If you do not use our designated architecture firm, you must hire them for construction document review. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected.

You must use the computer hardware and software, including the point-of-sale system that we designate to operate your Shops and they must be purchased or leased from the suppliers we specify.

You must use our designated merchant services provider for debit and credit cards. You must use one of our designated suppliers for installation, support and hosting of the computer system and software. You will be required to use one of our designated suppliers for our Shop reporting system and pay the then-current fee.

You must obtain the insurance coverage required under the Franchise Agreement. Required insurance includes: (1) all risk property and casualty insurance for the replacement value of your Shop; (2) business interruption insurance providing for continued payment of all amounts due to us under your Franchise Agreement or any other agreement with us; and (3) workers' compensation insurance as required by applicable law. We may from time to time increase the amounts of coverage required under these insurance policies or require different coverage at any time. You may obtain additional insurance coverage as you feel necessary. You may purchase your insurance from any carrier subject to our approval. All insurance policies must name us, the Franchisor as an additional named insured.

We will provide you with a list of our designated and approved suppliers in our Franchise Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier that we have not yet approved, you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within thirty (30) days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier. We reserve the right to charge a fee to evaluate the proposed product, service or supplier.

We apply the following general criteria in approving a proposed supplier: (1) ability to consistently produce a product of the desired quality; (2) production and delivery capability; (3) positive reputation in the Shop community; (4) proximity to The Great American Barbershop Shops to enable timely deliveries; (5) competitive pricing; and (6) full compliance with all governmental requirements. The supplier may also be required to sign a supplier agreement with us. Our specifications are developed and changed regularly based upon our past experience, industry standards and the experience of our franchisees. We will send written notice of any revocation of an approved supplier, product or service. Upon your receipt of such notice, you must stop selling any disapproved product or service and stop purchasing from any disapproved supplier.

We do not provide material benefits to you based solely on your use of designated or approved sources. We are not currently an approved supplier of any goods or services provided to Franchisees. None of our officers own equity in an approved supplier.

We may receive rebates from some suppliers based on your purchase of services and products. We may receive rebates, credits and marketing allowances based on volume purchases by Franchisees. If we do, it is our intention these funds will either: (1) be distributed to you and other Franchisees pro rata in proportion to your purchases or sales volumes; or (2) be contributed to the Marketing Fund and distributed to you and the other Franchisees pro rata in proportion to your purchases or sales volumes. Any distributions from the Marketing Fund will be net of our actual costs and expenses incurred to administer, collect, calculate and distribute the rebates, credits and marketing allowances. Any contribution of rebates or credits to the Marketing Fund will not reduce your obligation to pay the Marketing Fund Contribution. We will not derive revenue or other material consideration based on your purchases of products, merchandise and services from suppliers

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

FRANCHISEE'S OBLIGATIONS

Obligation	Sections in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 6.4	Item 11
(b) Pre-opening purchase/leases	Sections 3.1	Items 5, 6, 7, 8 and 11
(c) Site development and other pre-opening requirements	Sections 3.1, 3.4, 3.5, 3.6	Items 7, 11 and 12
(d) Initial and ongoing training	Articles 4, 6, 7, 8, 15	Items 6, 7, 11 and 15
(e) Opening	Sections 3.8, 3.9	Item 11, 20
(f) Fees	Articles 2, 11	Items 5, 6, 7, 10 and 11
(g) Compliance with standards and policies/operating manual	Article 12	Items 6, 7, 8, 11, 15 and 16
(h) Trademarks and proprietary information	Article 5	Items 13 and 14
(i) Restrictions on products/services offered	Sections 8.4	Items 8 and 16
(j) Warranty and customer service requirements	Sections	Not Applicable
(k) Territorial development and sales quotas	None	Not Applicable
(l) Ongoing product/service purchases	Section 8.2	Items 6, 8 and 16
(m) Maintenance, appearance, and remodeling requirements	Section 7.8, 8.2	Item 17
(n) Insurance	Article 10	Items 6, 7 and 8
(o) Advertising	Article 11	Items 7, 8 and 11
(p) Indemnification	Article 13	Item 6
(q) Owner's participation/ management/staffing	Section 8.4	Items 11 and 15
(r) Records and reports	Article 9	Not Applicable
(s) Inspections and audits	Sections 9.1, 9.2, 9.3	Not Applicable
(t) Transfer	Article 15	Items 6 and 17
(u) Renewal	Article 4	Items 6 and 17
(v) Post-termination obligations	Article 16	Item 17
(w) Non-competition covenants	Article 14, Exhibit E	Item 17
(x) Dispute resolution	Article 17	Item 17

ITEM 10 FINANCING

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

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

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

Obligations before Opening

Before you open a The Great American Barbershop Shop, we will provide the following assistance and services to you:

1. Franchise Manual. We will provide you with a copy of the Franchise Manual. The Franchise Manual contains approximately 250 pages. The table of contents for the Franchise Manual is attached to this Franchise Disclosure Document as Exhibit F (See Franchise Agreement, Article 12).

2. Site Selection Assistance. We will consult with you on your site and your site is subject to our approval. You have the ultimate responsibility in choosing, obtaining and developing the site for your Shop. We do not guarantee the suitability or success of the accepted site. (Franchise Agreement, Section 7.1). If you cannot find a suitable site within twelve (12) months (or another length of time, if you request and receive an extension) from signing the Franchise Agreement, we hold the right to terminate the Franchise Agreement and you will not be entitled to receive any refund of the Initial Franchise Fee. (Franchise Agreement, Section 3.4)

   In the case of an area developer, we will consult with you on your site and base our approval of the site on several factors, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including other The Great American Barbershop Shops), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site), and the size, appearance and other physical characteristics of the premises. (See Area Development Agreement, Section 4a). We will use reasonable efforts to deliver notification of acceptance or rejection of a site for an area developer within thirty (30) days of our receipt of the complete site reports, financial statements, and other materials. (See Area Development Agreement, Section 4c).

3. Lease Review. We will review your proposed lease agreement to ensure that it contains our required provisions and otherwise meets our requirements. If we accept the proposed lease, we will notify you of our acceptance of the lease. Your lease must address certain issues, including: (a) not obligating us in any manner; (b) no terms inconsistent with your Franchise Agreement; (c) no noncompetition covenant which restricts us; (d) granting us rights to assume your rights upon termination or non-renewal of the lease; (e) prohibiting competing Shops in the same center or building; (f) construction in accordance with our standards; and (g) removal of all GABS's signs from the premises upon expiration or termination.

4. Territory. Once you have an accepted site for a Shop, we will designate a territory. If you sign an Area Development Agreement, we will designate the Development Area before you sign the Area Development Agreement.

5. Site Design Assistance. We will provide a copy of our basic specifications for the design and layout of the premises of each of your Shops. You are responsible for the costs of preparing architectural, engineering and construction drawings and site plans, which you must submit to us for our review and approval before you begin construction of a Shop. You are responsible for the costs of construction and remodeling. (Franchise Agreement, Article 3). You are responsible for conforming to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises.
6. Training. We will provide an initial training program to assist with training managers. It is your responsibility to train employees other than managers(Franchise Agreement, Articles 3 and 6).
7. Use of Confidential Information. We will provide you with information as to how to use the confidential materials available to Franchisees, such as the seven steps, five methods of recruiting, and employee training.
8. Marks. We will provide you with information as to how to use the Marks.
9. Length of time: The typical length of time between the first payment of consideration for the franchise and the opening of the business is 180 days. Factors that may affect the time period between the first payment of consideration for the franchise and the opening of the business can include but are not limited to: ability to obtain a lease, financing, or building permits, zoning and local ordinances. Other factors include weather conditions, shortages, and delays in installation of equipment, fixtures, and signs.

Continuing Obligations

After opening, we will provide the following assistance and services to you:

1. Specifications. Inform you of mandatory specifications, standards and procedures for the operation of your Shops. (Franchise Agreement, Article 7).
2. Advice. Upon request, provide advice regarding the operation of your Shops. (Franchise Agreement, Articles 7 and 12).
3. Advertising Review. Review and approve (or disapprove) your proposed advertising and promotional materials. (Franchise Agreement, Article 11).
4. Certifications. Provide certification programs to you or your employees. There may be additional fees for certifications as discussed in Item 6.
5. Additional Training. Provide additional training to you for newly-hired personnel, refresher training courses and additional training that you request or that in our opinion you need. There may be additional fees for this training.

Optional Assistance

In addition, we may, but are not required to, provide the following assistance and services to you:

1. Visits and Reports. Make periodic visits to your Shops for the purpose of assisting in all aspects of operation and management, prepare written reports concerning these visits, provide suggested

changes or improvements in your operation and management and detail any problems we find. If these services are provided at your request, you must reimburse our expenses and pay our then-current training charges.

2. Franchisee Conferences. Hold periodic national or regional conferences to discuss business and operational issues affecting The Great American Barbershop Franchisees.

Marketing Fund

Under the Franchise Agreement (Article 11), you are required to pay a Marketing Fund contribution (the "Marketing Fund Contribution") equal to 2% of your Gross Sales to our Marketing Fund (see Item 6). All contributions to the Marketing Fund will be used for advertising and promotion of The Great American Barbershop brand. This will include preparing and conducting radio, television, print, electronic commerce and billboard advertising campaigns and public relations activities. We will direct all creative programs and control the creative concepts, materials and media used, media placement and allocation. We may use the Marketing Fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization and any other purpose we choose which promotes The Great American Barbershop brand through advertising and promotion. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We do not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other Franchisee directly, on a pro rata basis, or at all. We assume no fiduciary or other duty to you or other direct or indirect liability or obligation to collect amounts due to the Marketing Fund or to maintain, direct or administer the Marketing Fund. We will not use the Marketing Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Marketing Fund. The Marketing Fund is held in a separate bank account.

The Marketing Fund is not audited. We will provide an annual accounting when available for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Marketing Fund on any terms we deem reasonable. We may dissolve the Marketing Fund at any point. If we decide to dissolve the Marketing Fund, we will either spend or distribute pro rata any remaining funds before dissolution. There is no obligation for you to conduct any local advertising programs or to spend any amount on advertising in your area or territory. You may develop advertising materials for your own use, at your own cost. You must submit to us all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 15 days, the proposed advertising will be deemed disapproved. (Franchise Agreement Section 11.1.C). You may be required to participate in any local or regional advertising cooperative.

Computer System

You are required to purchase or lease a computer and point-of sale ("POS") system that consists of the following hardware, software and services (collectively the "Computer System"): (a) a computer (laptop or desktop) of any brand for use by the management of the Shop, a back office computer, monitor, keyboard, mouse and firewall with all necessary software required to run the approved POS system, which shall include two POS terminals, two cash drawers, two receipt printers, two scanners and a remote printer; (b) required software known by the trade name: Clover, together with monthly subscriptions to this software; and (c) the hardware and software required by Clove, our merchant services provider. You must record all sales on the Computer System. You must store the data and information that we designate in the Computer System, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Sales of your The Great American Barbershop Shop. You must also maintain a business class Internet connection at each Shop.

You must arrange for installation, maintenance and support of the Computer System at your cost. You must purchase maintenance contracts from our approved suppliers including help desk support and hardware maintenance. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs or upgrades relating to the Computer System. We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. We may revise our specifications for the Computer System from time to time. You must upgrade or replace your Computer System at such time as specifications are revised. We have the right to independently access the electronic information and data generated from the Computer System. There are no limitations on our right to access the information.

Training

Before opening your Shop, we will provide the training for up to two (2) Shop management persons and one principal operating officer of your company (the "Operations Manager"), at no charge. The training program for your Shop management persons consists of up to 35 hours of training over a period of up to four days. You must pay our then-current fee (currently $800 per field trainer) for each personnel who can train up to four people at any location. In addition to the training, the Operations Manager must satisfactorily complete the operating principal training program at least 30 days before your Shop opens for business. The initial training program for an Operations Manager consists of up to three days of training at the Franchisor's headquarters. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend any training program, including lodging, transportation, food and similar expenses.

Item 11 Table

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location (ask them to send this back)
Franchise Manual/Orientation	1.5	1.5	Corporate Office
Techniques and Methods for Precision Cuts and Shaves	4	4	Corporate Office/Training Facility/Other Locations
Customer Service	1.5	1.5	Corporate Office

Finance	1	1	Corporate Office
Front of the House	2.5	2.5	Corporate Office
Back of the House	1	1	Corporate Office
Computer System	2	2	Corporate Office
Advertising and Marketing	1	1	Corporate Office
Accounting and Finance	1	1	Corporate Office
Role of Operations Manager	2	2	Corporate Office
Employee Hiring and Retention	1	1	Corporate Office
TOTAL	18.5	18.5	

ITEM 12 TERRITORY

You may operate each The Great American Barbershop Shop only at the location set forth in the Franchise Agreement. You may not conduct your business from any other location. You may not relocate the accepted location without our prior written approval. We may approve a request to relocate the Shop in accordance with the provisions of the Franchise Agreement that provide for the relocation of the Shop, and our then-current site selection policies and procedures. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If we sign an Area Development Agreement with you, we will grant you the exclusive right to develop and operate a number of GABS Shops in the Development Area (the "Development Area") that is specified in the Development Schedule, which is an exhibit to the Area Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality or other specific area. The actual size of the Development Area will vary, but at a minimum, will generally be the area having a radius of approximately 20 miles for an area developer, depending on the population density of the county in which you wish to develop. This area can be changed and modified, depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for The Great American Barbershop Shops in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours, and we have no obligation to approve sites which do not meet our criteria in order for you to meet the Development Schedule.

We will consult with you on your site and your site is subject to our approval. You have the ultimate responsibility in choosing, obtaining and developing the site for your Shop. We do not guarantee the suitability or success of the accepted site. (Franchise Agreement, Section 7.1). If you cannot find a suitable site within twelve (12) months (or another length of time, if you request and receive an extension) from signing the Franchise Agreement, we hold the right to terminate the Franchise Agreement and you will not be entitled to receive any refund of the Initial Franchise Fee. (Franchise Agreement, Section 3.4)

In the case of an area developer, we will consult with you on your site and base our approval of the site on several factors, including demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including other The Great American Barbershop Shops), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site), and the size, appearance and other physical characteristics of the premises. (See Area Development Agreement, Section 4a). We will use reasonable efforts to deliver notification of acceptance or rejection of a site for an area developer within thirty (30) days of our receipt of the complete site reports, financial statements, and other materials. (See Area Development Agreement, Section 4c).

We retain the right, among others, on any terms and conditions we deem advisable, and without granting you any rights therein: (a) to establish and operate and license others to establish and operate The Great American Barbershop Shops at any location outside your exclusive Territory; (b) to establish and operate or license others to establish and operate The Great American Barbershop Shops at any location within the Territory after the expiration or termination of the development schedule in your Development Agreement; (c) if you do not have a Territory, to establish, operate or license others to establish and operate other The Great American Barbershop Shops in all areas we deem advisable; and (d) to develop or to grant franchise rights to others to develop Shops within the Territory on the premises of colleges, universities, hospitals and airports, other non-traditional locations and along major highways; and (e) if your Territory is not exclusive, to establish, operate or license others to establish and operate The Great American Barbershop Shops within or outside your Territory as we deem advisable.

In all cases we retain the right to offer for sale similar products and services in connection with the Marks through alternate channels of distribution within your exclusive or non-exclusive Territory or outside your Territory. These alternate channels of distribution may include sales of products or services through grocery stores, other retail outlets, catalogs, telemarketing, direct marketing sales or through the Internet. Neither we nor any of our affiliates has established, or presently intends to establish other Shops or alternate channels of distribution for sale of similar products or services under a different trade name or trademark, but we reserve the right to do so. You may not use alternative distribution channels to make sales outside or inside your Territory and you will receive no compensation for our sales through alternative distribution channels.

ITEM 13 TRADEMARKS

The Franchise Agreement grants you the non-exclusive right and license to use The Great American Barbershop System, which includes the use of our trademarks, service marks, logos and slogans (the "Marks"). Your use of the Marks is limited to the operation of a The Great American Barbershop Shop in accordance with The Great American Barbershop System.

Trademark Applications based on "Actual Use" for the Marks listed below have been filed for the Principal Register of the United States Patent and Trademark Office ("PTO") as of the respective dates indicated, and as of the date of this disclosure document, all Affidavits of Use required to be filed under the Lanham Trademark Act have been timely filed.

THE GREAT AMERICAN BARBERSHOP --87/635,158; October 5, 2017

KEEP IT HANDSOME-- 87/635,604; October 5, 2017

I'LL TAKE IT PROPER-- 87/635,551; October 5, 2017

In addition, we believe that we own common law rights in each of the Marks in those areas where we have used them.

There are no currently effective material determinations of the PTO, the United States Patent and Trademark Office, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings, nor any pending material federal or state court litigation involving the Marks. In addition, there are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks.

You must use each Mark in full compliance with the Franchise Agreement, the Franchise Manual and with reasonable rules prescribed from time to time by us. You are prohibited under the Franchise Agreement from using any Mark as part of any corporate, partnership, trade or other legal name without our prior written consent. You must, except as prohibited by applicable law, operate your Shops under the Marks designated by us for that purpose without any prefix, suffix or other modifying words, terms, designs or symbols without our prior written consent. In addition, you may not use any Mark in connection with the sale of any unauthorized product or service or in any manner not authorized in writing by us. Under the Franchise Agreement, you agree not to contest, directly or indirectly, our ownership, title, right or interest in the Marks.

The Franchise Agreement does not obligate us to protect your use of the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks. You must promptly notify us of any third party use of the Marks or any use resembling or suggesting the Marks and any litigation instituted by any third party against us or you involving the Marks. The Franchise Agreement does not require us to take affirmative action when notified of these uses or litigation. We have the right to control any administrative proceedings or litigation involving the Marks. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Marks. If we do so, you must, under the Franchise Agreement, sign documents and render other assistance as is in our opinion reasonably necessary to carry out the defense, prosecution or settlement. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark, or if a proceeding involving a Mark is resolved unfavorably to you.

If we discontinue use of or modify any of the Marks, we may require you to discontinue or similarly modify your use of that Mark. Your rights under the Franchise Agreement will continue as long as you implement the modification or discontinuance of the Marks as required by us. If you fail to comply with this requirement, we have the' right to terminate the Franchise Agreement.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

The information in the Franchise Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formulae of our products and techniques, and any other writings and recordings in print or electronic form are also protected by copyright and other laws.

All of the copyrights listed above relate to The Great American Barbershop System. In addition we claim common law and federal copyrights in our Franchise Manual, our advertising materials, the content and format of our products or any other writings and recordings. We will license you on a non-exclusive basis to use all of these copyrights and patents in development and operation of your Shops but they remain our sole property. All of these are our "Copyrighted Materials."

No patents or other copyrights are material to your Franchise. We do not currently have any pending patent applications that are material to your Franchise. There are no currently effective determinations of the PTO, the U.S. Copyright Office or any court regarding these copyrights. In addition, there are no agreements currently in effect which significantly limit our rights to license to you the rights to use these Copyrighted Materials in your development and operation of your Shops.

Our Franchise Manual, electronic information and communications, sales and promotional materials, the development and use of The Great American Barbershop System, standards, specifications, policies, procedures, information, concepts and systems, our knowledge of, and experience in the development, operation and franchising of The Great American Barbershop Shops, our training materials and techniques, information concerning sales, operating results, financial performance and other financial data of The Great American Barbershop Franchises and other related materials are proprietary and confidential ("Confidential Information"). Where appropriate, certain information has also been identified as trade secrets ("Trade Secrets").

You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information. Confidential Information and Trade Secrets are our property to be used by you only as described in the Franchise Agreement and the Franchise Manual. We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your The Great American Barbershop Shops during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. All of the Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce.

You must notify us within immediately after you learn about anyone using trademarks, service marks, language, images or recordings of any kind, that you believe are identical or substantially similar to any of our Copyrighted Materials or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Materials, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole discretion, to protect our rights in and to the Copyrighted

Materials, Confidential Information or Trade Secrets. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Materials, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Materials, Confidential Information or Trade Secrets. You must not contest our rights to our Copyrighted Materials, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and we have the sole right to control any litigation or other proceeding arising out of any such infringement, challenge or claim. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Materials, Confidential Information or Trade Secrets.

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

If you are an individual, you must directly supervise your Shops. If you are not an individual, you must designate an Operations Manager. The Operations Manager must have the authority and responsibility for the day-to-day operations of your Shops. In addition, you must have at least one manager in each of your Shops who has completed the required The Great American Barbershop training and has been certified by us (each a "Shop Manager"). Your Operations Manager and each of your Shop Managers must: (a) devote 100% of his or her time and effort solely to the operation of your Shops; (b) meet our educational, experience, financial and other reasonable criteria for the position, as contained in the Franchise Manual or otherwise in writing; and (c) be accepted by us.

Your Operations Manager and each Shop Manager must sign a written confidentiality agreement (Exhibit E) regarding the protection of Trade Secrets and Confidential Information. In addition, you, each of your principal owners and each Operations Manager must sign a written agreement containing the covenants not to compete described in Item 17. Each individual who owns a 1% or greater interest in your Franchisee entity must sign a Guarantee of Performance (Exhibit G) assuming and agreeing to discharge all obligations of the Franchisee under the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell all products and services which are part of The Great American Barbershop System, and all products and services we incorporate into The Great American Barbershop System in the future. You may not use the Marks for any other business. You must use each Shop premises solely for the operation of the franchised Shops and keep the Shops open and in normal operation for such minimum hours and days as we may periodically specify or approve in writing. You must not use or permit the use of the premises for any other purpose or activity at any time without first obtaining our written consent.

You must maintain the highest cosmetology and customer service standards in your Shops. You must operate your Shops in strict conformity with such methods, standards and specifications as we may from time to time require in the Franchise Manual, in bulletins we send you or otherwise in writing. You must also maintain in sufficient supply all ingredients, products, materials, supplies, uniforms and paper goods that conform to our standards and specifications, and you must not deviate from those standards and specifications by the use of non-conforming items,.without our prior written consent.

You must discontinue selling any menu items, products or services which we may drop from The Great American Barbershop System. We have the right to change the types of approved The Great American Barbershop products and services, and there are no limits on our rights to make changes.

You must offer all services that we may require including, for example, acceptance of specified credit and debit cards; participation in our gift card, discount coupon programs, barber club program and other marketing and sales programs.

We may offer membership program periodically, in which each Franchisee must participate and offer in a clear and timely manner to customers.

You must operate your Shops in compliance with all applicable federal, state and local laws, ordinances and regulations. It is your sole responsibility to understand these laws, ordinances and regulations.

We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions. At our request, you must also sell certain test products and offer certain test services. If you are asked to do so, you must provide us with reports and other relevant information regarding the test products and services. Unless specifically exempted by us in writing, you must participate in all advertising, marketing, coupon, barber club and public relations programs, promotions and research instituted by the Marketing Fund. You must comply with our online policies concerning your participation in any social or professional networking sites or blogs (including Yelp, Facebook, Twitter, Instagram, Google, GooglePlus and LinkedIn). You may not sell products through other alternative channels of distribution.

ITEM 17 RENEWAL, TERMINATIONS, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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 Financial Disclosure Document.

Provision	Sections in Franchise Agreement	Summary
(a) Length of the franchise term	Article 4	The Franchise Agreement automatically terminates on the date that is (i) 5 years after the signing of the Franchise Agreement
(b) Renewal or extension of the term	Not Applicable	Not Applicable

(c) Requirements for franchisee to renew or extend	Article 4	2 additional 5 year terms, subject to compliance with the Franchise Agreement, execution of the then-current form of general release and franchise agreement, renovation of your Shops to our then-current standards and payment of the then-current renewal fee.
(d) Termination by franchisee	Article 17	You may terminate if we are in material default of the Franchise Agreement and have not cured the default within 90 days of written notice from you describing the alleged default and indicating your intention to terminate if the default is not timely cured.
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Article 16	We may terminate the Franchise Agreement upon your default.
(g) "Cause" defined—curable defaults	Article 16.2	We may terminate the Franchise Agreement if within 30 days after you have received written notice from us, you have failed to cure the following defaults: (i) your failure, refusal or neglect to pay to us when due any amounts owed to us under the Franchise Agreement; (ii) your failure to furnish us with required reports or information; (iii) your failure to develop your Shops in compliance with The Great American Barbershop System and the Franchise Agreement; (iv) your failure, for a 10-day period after your receipt of notice, to comply with laws applicable to your Shops; (v) your attempted transfer in violation of Article 15 of the Franchise Agreement; (vi) your failure to comply with any of your obligations under the Franchise Agreement; (vii) your divulging of any Trade Secrets or Confidential Information; or (viii) your breach of another agreement with us.
(h) "Cause" defined—non curable defaults	Article 16.3	The Franchise Agreement will automatically terminate immediately upon the occurrence of the following events of default: Any action by Franchisee, any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors or stockholders, if Franchisee is a corporation, which results in: (i) An affirmative act of insolvency or; (ii) An

		assignment for the benefit of creditors or; (iii) The filing of a petition under any bankruptcy, (iv) Failure by Franchisee to satisfy fully a civil judgment obtaine d against Franchisee (v) Conviction of Franchisee, or any partner of Franchisee, or any officer, director, or stockholder (vi) A final judgment or the unappealed decisio n of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of Franchisee's business or is required under applicable law; (vii) The direct or indirect assignment, transfer, sale or encumbrance by Franchisee of this Agreement or franchise or any of Franchisee's rights or privileges contrary to this Agreement, or any attempt by Franchisee to sell, assign, transfer or encumber the Shop contrary to the terms of this Agreement; (viii) Failure by Franchisee to remain open for business as required by this Agreement or as may be required by the Franchise Operations Manual, as may be limited by local law or the prime landlord, or the abandonment or vacating by Franchisee of Franchisee's Shop or for three (3) more consecutive days (or for such other period as would be grounds for termination of Franchisee's sublease); or (ix) Dissolution, judicial or otherwise, or liquid ation of Franchisee, if Franchisee is a corporation or partnership.
(i) Franchisee's obligations on termination/non-renewal	Article 17	Under the Franchise Agreement, after the on termination of the Franchise Agreement has terminated for any renewal Franchise Agreement reason whatsoever, you may not use, and must return to us, our Marks, all parts of the GAB System; must make changes to your Shops so that it no longer resembles the design of a GAB' Shop; pay all amounts you owe to us. See also (r) below
(j) Assignment of Contract by franchisor	Article 15	We have the right to assign our rights and obligations under the Franchise Agreement

		to anyone assuming our obligations under the Franchise Agreement.
(k) "Transfer" by franchisee—defined	Article 15	A transfer includes any direct or indirect transfer, sale, assignment, pledge or encumbrance of the Franchise Agreement, the rights licensed to you under the Franchise Agreement, the Franchise, or any ownership interest in the Franchisee, or any ownership interest (or portion thereof) in any entity owning an interest (or portion thereof) in the Franchisee.
(l) Franchisor approval of a transfer by franchisee	Article 15	We will not unreasonably withhold our consent to a transfer by you, but we have the right to approve the transferee.
(m) Conditions for franchisor approval of transfer	Article 15	If you wish to transfer your interests under the Franchise Agreement, we may require that (i) the transferee be newly organized; (ii) the governing documents of the transferee confine its activities exclusively to the operation of the franchised business; (iii) you identify for us all of the transferee's stockholders, directors, officers, partners and/or members; (iv) you enter into an agreement with us unconditionally guaranteeing the transferee's obligations under the Franchise Agreement; (v) the stock certificates or other evidence of ownership bear a legend as set forth in Article 15 of the Franchise Agreement; (vi) you provide us with copies of the transferee's governing documents; and (vii) the transferee's name not consist of or contain any of our Marks or any variation of our Marks. If you wish to transfer your interests for any other reason, you must pay an administrative fee of $5,000 to cover our expenses for transfer, and we may require before the transfer the following: (i) your satisfaction of all outstanding obligations, including monetary obligations, under the Franchise Agreement: (ii) the subordination of your right to receive compensation in connection with the transfer to our right to receive any outstanding obligation of yours under the Franchise Agreement; (iii) your execution of a release of any and all claims against us, and our officers, managers, members and employees; (iv) the execution by the transferee of a written

		assumption agreement pursuant to which the transferee assumes and agrees to discharge all of your obligations under the Franchise Agreement; (v) the demonstration to our satisfaction by the transferee that its meets our educational and managerial standards; possesses good moral character, reputation and credit rating, has the ability to conduct the franchised business, and has financial resources adequate for operating the franchised business; (vi) execution by the transferee of our then-current Franchise Agreement; and (vii) the completion to our satisfaction by the transferee of our training course at transferee's own expense. Under certain conditions, we will permit you to sublicense your rights under the Franchise Agreement to an entity having common ownership.
(n) Franchisor's right of first refusal to acquire franchisee's business	Article 16	Thirty days prior to the proposed sale or transfer of the franchise, or any ownership interest in Franchisee's business your entity, or any ownership interest in any entity owning an interest in you, you must provide us written notice that includes information reasonably detailed to enable us to evaluate the terms and conditions of the proposed sale or transfer. We have thirty days to notify you that we would like to purchase the rights, interest, property or assets on the same terms and conditions as are contained in the written notice. The right of first refusal will be effective for each proposed transfer, and any material change in the terms or conditions of the proposed transfer will be considered a separate offer and we will have a new thirty-day right of first refusal; the thirty-day right of first refusal period will run concurrently with the period in which we have to approve or disapprove the proposed transferee; we may purchase the interest proposed to be sold for the reasonable cash equivalent of the consideration offered by the purchaser. If we choose not to exercise or right of first refusal, you are free to complete the transfer subject to your compliance with

		any requirements set forth in the Franchise Agreement.
(o) Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
(p) Death or disability of franchise	Article 15.4	In the event of the death, disability or incapacity of any individual franchisee or principal officer or director of an incorporated franchisee, or principal managing member of a limited liability Franchisor, or partner in a partnership franchisee, should the decedent's executor, heir or legal representative, wish to continue as Franchisee, such person must apply for Franchisor's consent to transfer this Agreement and (except where the successor is Franchisee's spouse) pay the applicable transfer and training fee..
(q) Non-competition covenants during the term of the franchise	Article 15	The Franchisee, its principal owners and each Operations Manager must sign a written agreement prohibiting (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity or sole proprietor) any involvement by them or their affiliates in a Shop with men's haircare as a significant portion (1% or more) of its business anywhere.
(r) Non-competition covenants after the franchise is terminated or expires	Article 15	The Franchisee, its principal owners and each Operations Manager and Shop Manager and their affiliates may not have (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity or sole proprietor) any involvement in a Shop with haircutting as a significant portion (1% or more) of its business anywhere in a 20-mile radius of any GAB Shops.
(s) Modification of the agreement	Article 19	There may be no modifications generally unless they are in writing and signed by both parties, but The Great American Barbershop System and Franchise Manual are subject to change by us in our sole discretion.
(t) Integration/merger clause	Article 28	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. .

(u) Dispute resolution by arbitration or mediation	Article 18	Any dispute concerning, under, or in connection with this Agreement or the business conducted hereunder shall be submitted to binding arbitration by the American Arbitration Association in Fresno County, California.
(v) Choice of forum	Article 28	Litigation must be filed in the federal district court or state court in Fresno County, State of California.
(w) Choice of law	Article 28	California law applies without regard to conflict of law principles.

AREA DEVELOPMENT AGREEMENT

Provision	Sections in Development Agreement	Summary
(a) Length of the development term	Section 3	Typically 5 years or until you sign a Franchise Agreement for the last Shop provided for in your Area Development Agreement.
(b) Renewal or extension of the term	Not Applicable	Not Applicable, although in our sole discretion, we may offer you the opportunity to develop other Shops under another Area Development Agreement.
(c) Requirements for franchisee to renew or extend	Not Applicable	Not Applicable, although in our sole discretion, we may offer you the opportunity to develop other Shops under another Area Development Agreement.
(d) Termination	Section 9	We may terminate upon your material default of the Area Development Agreement or your Franchise Agreement or any other agreement with us.
(e) Franchisee's obligations on termination/non-renewal	Section 10	After the Area Development Agreement has terminated for reason whatsoever, you will have no further right to develop additional Shops.
(f) Assignment of Contract by franchisor	Section 11.a.	We have the right to assign our rights and obligations under the Area Development Agreement to anyone assuming our obligations under the Area Development Agreement.
(g) Franchisor approval of a transfer by franchisee	Section 11.b.	We may withhold our consent to a transfer by you, and if we wish to consent, we have the right to approve any transferee.
(h) Conditions for franchisor approval of transfer	Section 11.d	Except as described below, you may not transfer your Area Development Agreement without our prior written consent. Without our prior written consent, you may transfer your interests under the

		Area Development Agreement to an entity of which you directly own a 100% interest.
(i) Franchisor's right of first refusal to acquire franchisee's business	Section 11.e.	Thirty days prior to the proposed sale or transfer of the Franchise, or any ownership interest in Franchisee's business, your entity, or any ownership interest in any entity owning an interest in you, you must provide us written notice that includes information reasonably detailed to enable us to evaluate the terms and conditions of the proposed sale or transfer. We have thirty days to notify you that we would like to purchase the rights, interest, property or assets on the same terms and conditions as are contained in the written notice. The right of first refusal will be effective for each proposed transfer, and any material change in the terms or conditions of the proposed transfer will be considered a separate offer and we will have a new thirty-day right of first refusal; the thirty-day right of first refusal period will run concurrently with the period in which we have to approve or disapprove the proposed transferee; we may purchase the interest proposed to be sold for the reasonable cash equivalent of the consideration offered by the purchaser. If we choose not to exercise or right of first refusal, you are free to complete the transfer subject to your compliance with any requirements set forth in the Franchise Agreement.
(j) Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
(k) Death or disability of franchise	Section 11.f.	The Area Development Agreement will automatically terminate immediately upon the occurrence of the Franchisee's death or disability if the Franchisee is an individual.
(l) Non-competition covenants during the term of the franchise	Section 12	The Franchisee, its principal owners and each Operations Manager must sign a written agreement prohibiting (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity or sole proprietor) any involvement by them or their affiliates in a Shop with men's haircare as a significant portion (1% or more) of its business anywhere.
(m) Non-competition covenants after the franchise is terminated or expires	Section 12.c.	The Franchisee, its principal owners and each Operations Manager and their affiliates may not have (whether as a principal, agent, employee, officer, director or member of any corporation or other business entity or sole proprietor) any involvement in a Shop with men's haircare as a

		significant portion (1% or more) of its business anywhere in a 20-mile radius of any The Great American Barbershop's Shops.
(n) Modification of the agreement	Section 16	There may be no modifications generally unless they are in writing and signed by both parties, but The Great American Barbershop System and Franchise Manual are subject to change by us in our sole discretion.
(t) Integration/merger clause	Section 16	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. .
(u) Dispute resolution by arbitration or mediation	Section 13.J.	Any dispute concerning, under, or in connection with this Agreement or the business conducted hereunder shall be submitted to binding arbitration by the American Arbitration Association in Fresno County, California.
(v) Choice of forum	Section 14.f.	Litigation must be filed in the federal district court or state court in California
(w) Choice of law	Section 14.f.	California law applies without regard to conflict of law principles.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission's Franchise Rule permits a franchisor to disclose 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 this 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any 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 Tye Featherstone, 559-765-4037; 1952 N. Mcarthur Avenue, Clovis, CA 93619, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Franchisor does not currently have outlets. Franchisor has affiliates that operate using the same trademarks.

Table No. 1.
Systemwide Outlet Summary
For Years 2015-2017

Outlet Type	Year	Outlets of the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Company Owned (non-franchised)[2]	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	0	0	0
	2016	0	0	0
	2017	0	0	0

Table No. 2.
Transfers of Outlets from Franchisees to California (other than the Franchisor)
For Years 2015-2017

Column 1 State	Column 2 Year	Column 3 Number of Transfer
CA	2015	0
	2016	0
	2017	0
Total	2015	0
	2016	0
	2017	0

Table No. 3.
Status of Franchise Outlets For years 2004 to 200
For Years 2015-2017

[2] *Principals of the Franchisor own an Affiliate that uses the same System but The Great American Barbershop Franchise, Inc. does not own any outlets or franchised Shops.*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
CA	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

Table No. 4.
Status of Company-Owned Outlets
For Years 2015-2017

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
CA	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

Table No. 5.
Projected New Franchised Outlets
As of December 31, 2017

Column	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Yea	Projected New Company Owned Outlets in the Current Fiscal Year
CA	0	0	0
TOTAL	0	0	0

ITEM 21 FINANCIAL STATEMENTS

There are currently no financial statements available as this is a new franchise. Financial Statements will be filed periodically and prepared by Franchisor and will be available to Franchisees when prepared.

ITEM 22 CONTRACTS

Included in this disclosure document is a sample of The Great American Barbershop's standard Franchise Agreement, the Area Development Agreement, Confidentiality and Non-Competition Agreement, Table of Contents to Franchise Operations Manual, the Guarantee of Performance, the Authorization to Honor Charges Drawn by and payable to The Great American Barbershop Franchise, Inc., Receipts. and other contracts or agreements that may be proposed for use in connection with the franchise. You are encouraged to obtain such independent legal and financial advice as you determine is appropriate to obtain full understanding of the franchise offered by this disclosure document before making any commitment.

ITEM 23 RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit H, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document.

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "A"

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE FRANCHISE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA Department of Business Oversight 320 West 4th Street Los Angeles, CA 90013 (213) 738-2741 Toll Free: 1-866-276-2677 Agent: California Commissioner of Business Oversight	NORTH DAKOTA Office Of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-2910 Agent: North Dakota Securities Commissioner
HAWAII Securities Examiner 1010 Richards Street Honolulu, HI 96813 (808) 548-2021 Agent: Director of Hawaii Dep	OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387 Agent: Director of Oregon, Department of Insurance and Finance
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465 Agent: Illinois Attorney General	RHODE ISLAND Division of Securities 233 Richmond Street Suite 232 Providence, Rhode Island 02903 (401) 222-3048 Agent: Director of Rhode Island Department of Business Regulation
INDIANA Office Of the Secretary of State Franchise Division Indiana Securities Division Room e-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House	SOUTH DAKOTA Division of Securities c/o 118 West Capitol Pierre, SD 57501 (605) 773-4013 Agent: Director of South Dakota Division of Securities

Indianapolis, IN 46204	
MICHIGAN Attorney General's Office Consumer Protection Division Franchise Section 670 Law Building Lansing, MI 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau	TEXAS Secretary of State Registrations Unit P.O. Box 12887 Austin, TX 78711 (512) 463-5561
MINNESOTA Minnesota Department of Commerce Franchise Division 85 7th Place East, Suite 500 St. Paul, MN 55101 (651) 296-6328 Agent: Minnesota Commissioner of Commerce	VIRGINIA State Corporation Commission 1300 East Main Street Richmond, VA 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission
NEW YORK Bureau of Investor Protection and Securities New York State Department of Law 23rd Floor 120 Broadway New York, NY 10271 (212) 416-8211 Agent: New York Secretary of State	WASHINGTON Director Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760 Agent: Securities Administrator, Director of Department of Financial Institutions
WISCONSIN Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, WI 53703 (608 266-8559 Agent: Wisconsin Commissioner of Securities	

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "B"

STATE SPECIFIC ADDENDUM

STATE SPECIFIC ADDENDUM

OUR WEBSITE ADDRESS IS https://www.thegreatamericanbarbershop.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 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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR IS A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN TRUE, COMPLETE AND NOT MISLEADING.

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

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

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 contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur at American Arbitration Association with the costs being borne equally by each party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of California. This provision may not be enforceable under California law.

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

California Corporations Code Section 31119 requires that the offering circular together with all proposed agreements relating to the sale of the franchise be delivered to prospective franchisees at least 14 days prior to execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first.

California Corporations Code Section 31155 requires that all applicants for registration, except for California corporations, California limited partnerships, or California limited liability companies, file an irrevocable consent appointing the Commissioner to be the applicant's attorney to receive service of any lawful process in any non-criminal suit, action, or proceeding against the applicant which arises under the Franchise Investment Law.

Only the UFDD can be used as the offering document to offer and sell registered franchises in California, regardless of when the franchisor registered its franchise system and regardless of any prior registration involving a UFOC.

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "C"

AREA DEVELOPMENT AGREEMENT

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "C"

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this ____________________ day of ____________________, 20__________, by and between The Great American Barbershop Franchise, Inc., a California Corporation, with its principal office at 1952 N. Mcarthur Avenue, Clovis, CA 93619 (the "Franchisor"), and ______________________________ limited liability company, with its principal office at address is ______________________ (the "Developer").

1.INTRODUCTION.

a. The Franchisor has developed and owns a distinctive system (the "GABS System") relating to the establishment and operation of men's haircut and grooming shops/salons. The Great American Barbershop is a rock and roll barbershop that provides haircuts on a proprietary system to complete a predetermined set of added value services. The Great American Barbershop uses a "walk-in" model where no appointment is needed. These Shops are located in dense urban areas, regional shopping centers and retail strip malls. Their focus is primarily men and children's grooming and haircare but they do provide limited women's haircare services as well. The Shops are open 7 days a week and offer a cool and modern ambience to customers.

b. The distinguishing characteristics of the GABS System include distinctive interior and exterior design, products and procedures for operations; specially developed equipment, equipment layouts and signage; procedures for management and inventory control; training and assistance; and advertising and promotional programs; all of which may be changed, improved and further developed by the Franchisor from time to time.

c. The Franchisor identifies the GABS System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "The Great American Barbershop" as are now designated and may hereinafter be designated by the Franchisor for use in connection with the GABS System (the "Marks").

d. The Developer wishes to obtain certain rights to develop The Great American Barbershop Shops under the Franchisor's GABS System, within the Development Area specified in this Agreement and according to the Development Schedule specified in this Agreement; and the Developer and the Franchisor wish to enter into this Agreement in order to reflect the understandings and agreements that they have reached with respect to the foregoing points and the other matters that are addressed herein.

2. DEVELOPMENT AREA, FRANCHISE AGREEMENT AND PRINCIPALS OF DEVELOPER.

a. DEVELOPMENT AREA. The "Development Area" shall mean the geographical area described in Exhibit A. This Agreement grants you the exclusive right to develop and operate a number of GABS Shops in the Developed Area that is specified in Exhibit A. Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality or other specific area. The actual size of the Development Area will vary, but at a minimum, will generally be the area having a radius of approximately 20 miles for an area developer, depending on the population density of the county in which you wish to develop. This area can be changed and modified, depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for The Great American Barbershop Shops in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours, and we have no obligation to approve sites which do not meet our criteria in order for you to meet the Development Schedule.

b. FRANCHISE AGREEMENT. The "Franchise Agreement" shall mean the current form of franchise agreement (including all exhibits, riders, owner guarantees and other related documents) used by the Franchisor that govern the operation of individual Shops operated under the GABS System and the rights and responsibilities of the Franchisor and each franchisee. The current form of Franchise Agreement is attached hereto as Exhibit B.

c. The Principals of the Developer are listed on Exhibit C. "Principal" means any person owning of record or beneficially ten percent (10%) or more of the equity or voting power of the Developer.

3. DEVELOPMENT RIGHTS AND OBLIGATIONS.

a. TERM OF AGREEMENT. Subject to the provisions contained herein, this Agreement shall be for a term of five (5) years, commencing on the date first above written and expiring on ______________________ ____________, 20____________. The Developer acknowledges that no renewal rights are granted under this Agreement.

b. EXCLUSIVE DEVELOPMENT RIGHTS; RESERVATION OF RIGHTS. Provided the Developer and its Affiliated Entities (as defined in Section 4(f)) are in full compliance with all of the terms and conditions contained in this Agreement and contained in any other agreements with the Franchisor or any of its affiliates, including Franchise Agreements entered into between the Franchisor and the Developer or its Affiliated Entities pursuant to this Agreement, then the Franchisor will, during the term of this Agreement: (1) grant to the Developer, in accordance with Section 4, franchises for the ownership and operation of The Great American Barbershop Shops to be located within the Development Area; and (2) except as excluded below, not operate (directly or through an affiliate) nor grant a franchise for the operation of any The Great American Barbershop Shop to be located within the Development Area, except for those franchises granted to the Developer pursuant to this Agreement. Except as otherwise provided in this Section 3(b), the Franchisor retains the right in its sole discretion to: (1) operate and grant to others the right to operate The Great American Barbershop Shops at such locations outside the Development Area and on such terms and conditions as the Franchisor deems appropriate; (2) provide the services and products under the Marks or other trademarks in the Development Area through channels of distribution other than The Great American Barbershop Shops ; and (3) operate and grant franchises to others to operate Shops, whether within or outside the Development Area, other than The Great American Barbershop Shops , and identified by trademarks or service marks, other than the Marks, pursuant to such terms and conditions as the Franchisor deems appropriate.

c. DEVELOPMENT OBLIGATIONS. The Developer agrees that during the term of this Agreement it will at all times faithfully, honestly and diligently perform its obligations hereunder and continuously exert its commercially reasonable efforts to promote and enhance the development of The Great American Barbershop Shops within the Development Area. Without limiting the foregoing obligation, the Developer agrees to open and have operating in accordance with the terms of and pursuant to executed Franchise Agreements the number of The Great American Barbershop Shops set forth in Exhibit B (the "Development Schedule") by the dates specified therein. If a The Great American Barbershop Shop is permanently closed by the Developer after having been opened, the Developer shall, in addition to the foregoing development obligations, develop and open a substitute The Great American Barbershop Shop within six (6) months from the date of such permanent closing. If the Developer fails at any time to meet the Development Schedule, the Franchisor shall have the right to terminate this Agreement by delivering a notice to the Developer stating that the Franchisor elects to terminate this Agreement as a result of such failure, effective upon delivery of such notice of termination. The Franchisor's right to terminate this Agreement shall be the sole and exclusive remedy of the Franchisor for the Developer's failure to meet the Development Schedule.

4. GRANT OF FRANCHISES TO DEVELOPER. Subject to the provisions of Section 3, the Franchisor agrees to grant franchises to the Developer for the operation of The Great American Barbershop Shops to be located within the Development Area on the following conditions:

a. The Developer shall submit to the Franchisor a complete site report (containing such information as the Franchisor may reasonably require) for a proposed site for The Great American Barbershop Shop which the Developer proposes to establish and operate and which the Developer reasonably believes to conform to site selection criteria the Franchisor establishes from time to time for demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses (including other The Great American Barbershop Shops), the nature of other businesses in proximity to the site and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site), and the size, appearance and other physical characteristics of the premises.

b. The Developer acknowledges that in order to preserve and enhance the reputation and goodwill of all The Great American Barbershop Shops and the goodwill of the Marks, all The Great American Barbershop Shops must be properly developed and operated. Accordingly, the Franchisor may refuse to grant the Developer a franchise for a proposed The Great American Barbershop Shop unless the Developer demonstrates sufficient operational and financial capabilities, in the

Franchisor's sole judgment, applying standards consistent with criteria the Franchisor uses to establish The Great American Barbershop Shops in other comparable market areas, to develop and operate the proposed The Great American Barbershop Shop properly. To this end, the Developer shall furnish the Franchisor with such financial statements and other information regarding the Developer (or its Affiliated Entity) and the development and operation of the proposed The Great American Barbershop Shop, including any investment and financing plans for the proposed The Great American Barbershop Shop,.as the Franchisor may require.

c. The Franchisor will, by delivery of written notice to the Developer and at its sole discretion, accept or decline each site the Developer proposes for the operation of a The Great American Barbershop Shop. The Franchisor agrees to use commercially reasonable efforts to deliver such notification to the Developer within thirty (30) days after the Franchisor's receipt of the complete site reports, financial statements and other materials it has requested containing all the information the Franchisor reasonably requires. DEVELOPER ACKNOWLEDGES AND AGREES THAT THE FRANCHISOR'S ACCEPTANCE OF A PROPOSED SITE AND ANY INFORMATION COMMUNICATED TO DEVELOPER REGARDING THE PROPOSED SITE SHALL NOT CONSTITUTE A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED SITE FOR A THE GREAT AMERICAN BARBERSHOP SHOPOR FOR ANY OTHER PURPOSE, AND THE FRANCHISOR'S ACCEPTANCE OF SUCH SITE MERELY SIGNIFIES THAT THE FRANCHISOR IS WILLING TO GRANT A FRANCHISE FOR A THE GREAT AMERICAN BARBERSHOP SHOPAT SUCH PROPOSED SITE SUBJECT TO THE TERMS HEREOF. DEVELOPER FURTHER ACKNOWLEDGES AND AGREES THAT ITS ACCEPTANCE OF A THE GREAT AMERICAN BARBERSHOP SHOPFRANCHISE AT THE PROPOSED SITE SHALL BE BASED SOLELY ON ITS OWN INDEPENDENT INVESTIGATION OF THE SUITABILITY OF SUCH PROPOSED SITE FOR A THE GREAT AMERICAN BARBERSHOP SHOP.

d. Upon acceptance of a proposed site, as above provided, the Franchisor shall offer the Developer a franchise to operate a The Great American Barbershop Shop at the proposed site by delivering to the Developer a Franchise Agreement providing for the franchise fee set forth in Section 4(e). Such Franchise Agreement shall be executed by the Developer or an Affiliated Entity (and its shareholders, partners or members, as required) and returned to the Franchisor not earlier than five (5) days and not later than ten (10) days after the Franchisor's delivery thereof (or such longer time as may be required by applicable laws), with payment of the initial franchise fee required thereunder. If the Developer (or its Affiliated Entity) fails to execute such Franchise Agreement and tender payment of the franchise fee, the Franchisor may revoke its offer to grant the Developer a franchise to operate a The Great American Barbershop Shop at such proposed site and withdraw its acceptance of the proposed site.

e. The franchise fee payable for each The Great American Barbershop Shop required to be developed by the Developer pursuant to Section 3(c) shall be the initial franchise fee of Thirty Five Thousand Dollars ($35,000) plus twenty thousand dollars ($20,000) for any additional Shops to be developed under this Agreement.

f. The Developer shall have the right to open and operate The Great American Barbershop Shops and to execute Franchise Agreements therefor through one or more corporations, general or limited partnerships or limited liability companies formed by the Developer for such purpose ("Affiliated Entities"), provided that: (1) the Developer or its owners own and control (i) all issued and outstanding capital stock of such corporation, (ii) all of the general partnership interests of such partnership or (iii) all of the management control of such limited liability company; (2) such entity conducts no business other than the operation of a The Great American Barbershop Shop; (3) the Developer and its owners agree to execute an agreement in the form acceptable to the Franchisor in which they assume full and unconditional liability for and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement; (4) all owners of the entity possess good moral character, as determined by the Franchisor; and (5) all owners of the entity execute an agreement in the form acceptable to the Franchisor in which they assume full and unconditional liability for and agree to perform all obligations, covenants and agreements contained in the Franchise Agreement. Notwithstanding (3) and (5) above, limited partners and non-voting owners, in their capacity as such, will not be required to execute any such guaranty.

g. If, within one hundred eighty (180) days after the date of this Agreement, the Developer has not been able to locate a site suitable for the operation of the first required The Great American Barbershop Shop acceptable to the Franchisor within the Development Area, the Franchisor may terminate this Agreement. Upon such termination, and provided that the Developer shall have executed general releases, in form and substance satisfactory to the Franchisor, of any and all claims against the Franchisor and its affiliates and each of their respective officers, directors, employees and agents, the Franchisor shall refund one-half (without interest) of the development fee that the Developer paid the Franchisor pursuant to Section 5, less out-of-pocket expenses the Franchisor has incurred in connection with its review of sites proposed by the Developer.

5. DEVELOPMENT FEE. Concurrently with the execution of this Agreement, the Developer shall pay to the Franchisor a development fee in the amount of Seventy Five Thousand ($75,000) which fee shall be deemed earned by the Franchisor when paid. Thirty Five Thousand ($35,000) shall be applied to the franchise fee for the first Shop to be developed in the Development Area and the franchise fee shall be considered paid in full. The balance of the development fee is Forty Thousand Dollars ($40,000). This amount Forty Thousand ($40,000), shall be applied to the franchise fee for the next two Shops at the rate of Twenty Thousand ($20,000) per Shop. The balance of the franchise fee for the remaining Shops, which is Twenty Thousand Dollars ($20,000) per Shop, shall be due and payable in full upon execution of a Franchise Agreement for an accepted site. All such fees shall be non-refundable except as provided in Section 4(g).

6. MANAGEMENT OF BUSINESS. The Developer (or, if the Developer is an entity, its chief executive officer) shall exert its full-time efforts to the obligations hereunder and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with the Developer's obligations hereunder. The Developer (or, if the Developer is an entity, its chief executive officer) shall supervise the development and operation of The Great American Barbershop Shops franchised pursuant hereto and each such The Great American

Barbershop Shop shall be managed by a manager who has completed the Franchisor's training program to the Franchisor's satisfaction.

7. CONFIDENTIAL INFORMATION/EXCLUSIVE RELATIONSHIP. The Franchisor possesses certain confidential information relating to the operation of The Great American Barbershop Shops and its trade secrets and proprietary methods for haircuts, grooming, customer services etc., practiced at The Great American Barbershop Shops and methods, techniques, formats, specifications, systems, procedures, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of The Great American Barbershop Shops (the "Confidential Information"). The Franchisor will disclose the Confidential Information to the Developer in furnishing to the Developer the training program and subsequent training, the Franchisor's operating manuals and in guidance and assistance provided to the Developer pursuant to the Franchise Agreements. The Developer acknowledges and agrees that it will not acquire any interest in the Confidential Information, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. The Developer acknowledges and agrees that the Confidential Information is proprietary, may involve trade secrets of the Franchisor and is disclosed to the Developer solely on the condition that the Developer agrees, and the Developer does hereby agree, that it: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (iv) will adopt and implement all reasonable procedures that the Franchisor prescribes from time to time to prevent unauthorized use or disclosure of the Confidential Information. Notwithstanding anything to the contrary contained in this Agreement and provided the Developer shall have obtained the Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on the Developer's disclosure and use of the Confidential Information shall not apply to the following: (a) information, processes or techniques which are or become generally known in the men's haircare/haircut/grooming industry, other than through disclosure (whether deliberate or inadvertent) by the Developer; and (b) disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Developer is legally compelled to disclose such information, provided the Developer shall have used its commercially reasonable efforts and shall have afforded the Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed. Any employee of the Developer who may have access to any confidential information regarding the Franchisor shall execute a covenant that he will maintain the confidentiality of information he receives in connection with its association with the Developer. Such covenants shall be on a form provided by Franchisor, which form shall, among other things, designate Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. The Developer acknowledges and agrees that the Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among The Great American Barbershop Shops if franchised owners of The Great American Barbershop Shops were permitted to hold interests in or perform services for any competitive businesses.

8. MARKS. The Developer acknowledges that the Franchisor owns the Marks and that the Developer's right to use the Marks is derived solely from Franchise Agreements entered into between the

Developer and the Franchisor for the purpose of operating The Great American Barbershop Shops. The Developer agrees that its usage of the Marks and any goodwill established thereby shall inure to the Franchisor's exclusive benefit. The Developer further agrees that, after the termination or expiration of this Agreement, the Developer will not at any time or in any manner identify it or any business as a franchisee or former franchisee of or otherwise associated with the Franchisor or use in any manner or for any purpose any Mark or other indicia of a The Great American Barbershop Shop, or any colorable imitation thereof, except with respect to The Great American Barbershop Shops operated by the Developer pursuant to Franchise Agreements with the Franchisor. The Developer shall not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may the Developer use any Mark in connection with any business or activity other than the business conducted by the Developer pursuant to Franchise Agreements with the Franchisor or in any other manner not explicitly authorized in writing by the Franchisor. The Developer shall immediately notify the Franchisor in writing of any apparent infringement of or challenge to the Developer's use of any Mark or any claim by any person of any rights in any Mark or similar trade name, trademark or service mark of which the Developer becomes aware. The Developer shall not communicate with any person other than the Franchisor and its counsel in connection with any such infringement, challenge or claim. The Franchisor shall have the discretion to take such action as it deems appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. The Developer shall execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the Franchisor's counsel, be necessary or advisable to protect and maintain the Franchisor's interests in any such litigation or U.S. Patent and Trademark Office or other proceeding or otherwise to protect and maintain the Franchisor's interests in the Marks. The Franchisor shall indemnify the Developer against and to reimburse the Developer for all damages for which it is held liable in any proceeding arising out of its authorized use of any Mark pursuant to and in compliance with this Agreement and for all costs it reasonably incurs in defending any such claim brought against him or any proceeding in which it is named as a party, provided that the Developer has timely notified the Franchisor of such claim or proceeding and has otherwise complied with this Agreement. The Franchisor, at its discretion, shall be entitled to defend any proceeding arising out of the Developer's use of any Mark pursuant to this Agreement, and if the Franchisor undertakes the defense of such proceeding, the Franchisor shall not have any obligation to indemnify or reimburse the Developer with respect to any fees or disbursements of any counsel retained by the Developer.

9. TERMINATION. The Franchisor may terminate this Agreement, effective upon delivery of notice of termination to the Developer, if: (a) the Developer makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due or has a petition filed for bankruptcy; (b) the Developer fails to meet its development obligations by the dates specified in the Development Schedule; provided however, that if the Developer has fully executed leases and franchise agreements for the each Shop required to be developed so that the Developer will be in compliance with the Development Schedule in Exhibit B and if the Developer is using its commercially reasonable efforts to develop such Shops, the Developer shall have the right to cure a breach within six (6) months after delivery of Franchisor's notice of termination by opening and operating all such Shops; (c) the Developer (or, if the Developer is a corporation, partnership or limited liability company, any shareholder, partner or member)

makes an unauthorized assignment or transfer of this Agreement, an ownership interest in the Developer or any interest in any The Great American Barbershop Shop or Franchise Agreement granted pursuant to this Agreement; (d) the Developer (or, if the Developer is a corporation, partnership or limited liability company any shareholder, partner or member) has made any material misrepresentation or omission in its application for the development rights conferred by this Agreement or is or has been convicted of, or pleads or has pleaded no contest to, a felony that may adversely affect the goodwill of the Marks or the reputation of The Great American Barbershop Shops ; (e) the Developer (or, if the Developer is a corporation, partnership, limited liability company, any shareholder, partner or member) makes any unauthorized use of the Marks or any unauthorized use or disclosure of the Confidential Information; (f) the Developer fails to comply with any other provisions of this Agreement and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to the Developer; or (g) the Franchisor has delivered a notice of termination of a Franchise Agreement with the Developer (or any of its Affiliated Entities) in accordance with its terms and conditions.

10. EFFECT OF TERMINATION AND EXPIRATION.

a. CONTINUING OBLIGATIONS. All of the Franchisor's and the Developer's obligations under this Agreement 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 the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

b. GRANT OF FRANCHISES. Upon the Developer's fulfillment of the Development Schedule or upon termination or expiration of this Agreement for any reason, the Developer's rights under this Agreement will terminate. The Franchisor will then have no further obligation to grant the Developer additional franchises for The Great American Barbershop Shops and will be free to operate or grant to other persons franchises to operate The Great American Barbershop Shops within the Development Area.

11. ASSIGNMENT.

a. BY THE FRANCHISOR. This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor to the Franchisor's interest herein.

b. DEVELOPER AND ITS OWNERS MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR. The Developer understands and acknowledges that the rights and duties created by this Agreement are personal to the Developer (or, if the Developer is a corporation, partner or limited liability company, its shareholders, partners or members) and that the Franchisor has granted this Agreement in reliance upon the Franchisor's perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of the Developer (or, if the Developer is a corporation, partner or limited liability company, its shareholders, partners or members). Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of the Developer may be voluntarily, involuntarily, directly or indirectly assigned, sold, subdivided, sub-franchised or otherwise transferred by the Developer or its owners, including by (1) transfer of ownership of capital stock or partnership or member interest, (2) consolidation or merger or issuance of additional securities or member interests representing an ownership interest in the Developer, (3) any sale of voting stock or partnership or member interests of the Developer or any security convertible to voting stock or partnership or member interests of the Developer, (4) divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law, or (5) in the event of the death of the Developer or an owner of the Developer, by will, declaration of or transfer in trust or under the laws of intestate succession) without the Franchisor's prior written approval. Any such assignment or transfer without such approval shall constitute a breach and shall convey no rights to or interests in this Agreement to such assignee.

c. TRANSFER TO AN ENTITY. If the Developer and all of its Affiliated Entities are in full compliance with this Agreement and all Franchise Agreements, the Franchisor shall not unreasonably withhold its approval of a proposed assignment or transfer of this Agreement to a corporation, partnership or limited liability company which conducts no business other than the business contemplated hereunder, which the Developer actually manages and in which the Developer maintains management control and owns and controls more than fifty percent (50%) of the equity and voting power of all issued and outstanding capital stock or outstanding partnership or member interests. If, after the transfer, the Developer will not own or control more than fifty percent (50%) of the equity and voting power of all issued and outstanding capital stock or outstanding partnership or member interests, Franchisor agrees to consider such transfer of interest, providing such transfer is not detrimental to the development of the Area. Transfers of shares or partnership or member interests in such corporation, partnership or limited liability company will be subject to the provisions of Section 11(d). Notwithstanding anything to the contrary herein, the Developer shall remain personally liable under this Agreement as if the transfer to such corporation, partnership or limited liability company has not occurred. The articles of articles of incorporation, by-laws, partnership agreement, limited liability agreement and other organizational documents of such corporation, partnership or limited liability company shall recite that the issuance and assignment of any interest therein is restricted by the terms of this Section, and all issued and outstanding stock, partnership or limited liability company certificates of such entity shall bear a legend reciting or referring to the restrictions hereof. Each shareholder, partner or member of the Developer who owns ten percent (10%) or more of the equity and voting power of all issued and outstanding capital stock or outstanding partnership or member interests at any time during the term of this Agreement shall execute a "Owner's Guaranty and Assumption of the Developer's Obligations," undertaking to be bound jointly and severally by all provisions of this Agreement. Limited partners and non-voting shareholders, in their capacity as such, will not be required to execute the guaranty. The Developer shall furnish to the Franchisor at any time upon request, in such form as the Franchisor may require, a list of its shareholders, partners and members (of record and beneficially) reflecting their respective interests in the Developer.

d. CONDITIONS FOR APPROVAL OF TRANSFER. If the Developer is in full compliance with this Agreement and all Franchise Agreements under which it operates The Great American Barbershop Shops, the Franchisor shall not unreasonably withhold its approval of a transfer that meets all the applicable requirements of this Section 11(d). The proposed transferee and its owners must be individuals of good moral character and otherwise meet the Franchisor's then applicable standards for developers of The Great American Barbershop Shops. A transfer of this Agreement may be made only in connection with the transfer to the same transferee of all interests of the Developer (and all of its Affiliated Entities) in every The Great American Barbershop Shop pursuant to this Agreement. If the transfer is of the development rights granted under this Agreement or a controlling interest in the Developer, or is one of a series of transfers which in the aggregate constitute the transfer of the development rights granted under this Agreement or a controlling interest in the Developer, all of the following conditions must be met prior to or concurrently with the effective date of the transfer: (1) the transferee must have sufficient business experience, aptitude and financial resources to operate the Developer's business and develop the Development Area; (2) the Developer must pay the Franchisor and its affiliates all amounts owed to the Franchisor or its affiliates which are then due and unpaid and submit all required reports and statements which have not yet been submitted; (3) the transferee must agree to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term; (4) the Developer and its owners and Franchisor must execute general releases of any and all claims against each other, their affiliates, officers, directors, employees and agents; (5) all Franchise Agreements between the Franchisor and the Developer or any Affiliated Entity must be transferred to the transferee of this Agreement (or the transferee of a controlling interest in the Developer); (6) the Developer or the transferee must pay the Franchisor a transfer fee in an amount equal to the Franchisor's out-of-pocket expenses, which shall not exceed Fifteen Thousand Dollars ($15,000), relating to review and approval of the proposed transfer; and this transfer fee shall be in addition to any and all transfer fees paid in connection with the transfers of Franchise Agreements in conjunction with this transfer; (7) the transferee and its personnel must agree to complete the Franchisor's training program to the Franchisor's satisfaction, for which the transferee must pay to the Franchisor its then-current training fee; and (8) the Franchisor must not have exercised its right of first refusal pursuant to Section 11(e). In connection with any assignment permitted under this Section 11(d), the Developer shall provide the Franchisor with all documents to be executed by the Developer and the proposed assignee or transferee at least thirty (30) days prior to execution.

e. THE FRANCHISOR'S RIGHT OF FIRST REFUSAL. If the Developer or its owners shall at any time determine to sell, assign or transfer this Agreement or an interest herein or an ownership interest in the Developer, or all or substantially all of the assets of the Developer, the Developer or its owners shall obtain a bona fide, executed written offer and earnest money deposit from a responsible and fully disclosed prospective purchaser and submit a complete copy of such offer to the Franchisor. However, if the offeror proposes to buy any other property or rights, other than rights under Franchise Agreements executed pursuant hereto, from the Developer or any of its Affiliated Entities (or their respective owners) such proposal must be under a separate, contemporaneous offer. The price and terms of purchase offered to the Developer or its owners for the interest in this Agreement and Franchise Agreements or the Developer (or any Affiliated Entities) shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights. The Franchisor shall have the right, exercisable by written notice delivered to the Developer or its owners within ten (10) days from the date of delivery of a complete copy of such offer to the Franchisor, to purchase this Agreement (or such interest in this Agreement) or such ownership interest in the Developer or such assets for the price and on the terms and conditions contained in such offer, provided that the Franchisor may substitute cash for any form of payment proposed in such offer, the Franchisor's credit shall be deemed equal to the credit of any proposed purchaser and the Franchisor shall have not less than ten (10) days to prepare for closing. If the Franchisor does not exercise its right of first refusal, the Developer or its owners may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to the Franchisor's approval as provided in Section 11(d); provided, however, that if the sale to such purchaser is not completed within one hundred eighty (180) days after delivery of such offer to the Franchisor, or if there is a material change in the terms of the sale, the Franchisor shall again have the right of first refusal provided herein.

f. DEATH OR PERMANENT DISABILITY OF DEVELOPER. Upon the death or permanent disability of the Developer if an individual or an owner of the Developer if an individual, the executor, administrator, conservator or other personal representative of such person shall transfer its interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a third party approved by the Franchisor, such approval not to be unreasonably withheld, conditioned or delayed. Such transfer, including transfer by devise or inheritance, shall be subject to all the terms and conditions for assignments and transfers contained in Section 11(d) and, unless transferred by gift, devise or inheritance, subject to the terms of Section 11(e). Failure to dispose of such interest in accordance with this Section within said period of time shall constitute a breach of this Agreement.

g. EFFECT OF APPROVAL OF A TRANSFER. The Franchisor's approval of an assignment of any interest subject to the restrictions of this Section shall not constitute a waiver of any claims it may have against the assignor nor be deemed a waiver of the Franchisor's right to demand the assignee's compliance with any of the terms or conditions of this Agreement or Franchise Agreements.

h. PUBLIC OFFERINGS OF SECURITIES. The Developer shall not, without the Franchisor's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, sell or offer to sell any security of the Developer if such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, and the rules and regulations pursuant thereto, or the securities laws of any other state or territory of the United States of America or of any other jurisdiction. If the Franchisor grants the Developer its written consent thereto, the Developer agrees to comply with all of the Franchisor's requirements and restrictions concerning use of information about the Franchisor and its affiliates. Following a public offering of securities, the Developer shall be required to own more than fifty percent (50%) of the equity and voting power of the all issued and outstanding equity interests.

11. COVENANTS OF DEVELOPER

a. The Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Franchisor, the Developer (or its chief executive officer) shall devote full time, energy, and commercially reasonable efforts to the management and operation of the business contemplated hereunder.

b. The Developer specifically acknowledges that, pursuant to this Agreement, the Developer will receive valuable specialized training and Confidential Information, including information regarding the operational, sales, promotional and marketing methods and techniques of the Franchisor and the GABS System. The Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Franchisor, the Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity divert or attempt to divert any business or customer of any Shop using the GABS System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's Marks and the GABS System.

c. The Developer covenants that, except as otherwise approved in writing by the Franchisor, the Developer shall not, during the term of this Agreement, or for a continuous uninterrupted period of two (2) years from the date of: (a) a transfer permitted under Section 11; (b) expiration or termination of this Agreement (regardless of the cause for termination); or (c) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 11: (1) either directly or indirectly (through, on behalf of, or in conjunction with any person or entity), own, maintain, operate, engage in, or have any interest in any men's haircare, haircut, or grooming business the primary product of which is men's haircare, men's haircut, or men's grooming, and which business is, or is intended to be, located within the Development Area, or within twenty (20) miles of the border of the Development Area or within a twenty (20) mile radius of any The Great American Barbershop Shop operating at the time that the obligations under this Section 11(c) commence; or (2) employ or seek to employ any person who is at that time employed by the Franchisor or by any other franchisee or developer of the Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment. If the Developer hires a person in violation of this Section 11(c), the Developer shall pay Franchisor, as liquidated damages and not as a penalty, the following:

   If the employee is at the:

   Regional Director Level: $80,000

   Manager Level: $60,000

   Employee Level: $45,000

d. Section 11(c)(1) shall not apply to ownership by the Developer of less than five percent (1%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

e. At Franchisor's request, the Developer shall require and obtain execution of covenants similar to those set forth in Sections 11 and 12 (as modified to apply to an individual) from any or all of the following persons: the Developer's Principals listed in Exhibit C and executive officers of the Developer. Failure by the Developer to obtain execution of a covenant required by this Section 11(e) shall constitute a default under Section 9(f)

f. The Developer understands and acknowledges that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 11(b) and 11(c) or any portion thereof, without the Developer's consent, effective immediately upon receipt by the Developer of written notice thereof; and the Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of this Section 11.

g. The Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 11. The Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 11.

h. The Developer acknowledges that the Developer's violation of the terms of this Section 11 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and the Developer accordingly consents to the issuance of an injunction prohibiting any conduct by the Developer in violation of the terms of this Section 11.

12. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

a. INDEPENDENT CONTRACTORS. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that the Franchisor and the Developer are and shall be independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. The Developer shall conspicuously identify itself in all dealings as the owner of development rights granted under an area development agreement with the Franchisor and shall place such other notices of independent ownership on such forms, business cards, stationery, advertising, websites and other materials as the Franchisor may require from time to time.

b. NO LIABILITY FOR ACTS OF DEVELOPER. The Developer shall not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in the Franchisor's liability for any of the Developer's indebtedness or obligations, nor may the Developer use the Marks in any way not expressly authorized herein. Except as expressly authorized in writing, the Developer shall not make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the Franchisor. The Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Developer's business authorized by or conducted pursuant to this Agreement.

c. TAXES. The Franchisor shall have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon the Developer or its assets or upon the Franchisor, arising in connection with the business conducted by the Developer pursuant to this Agreement or any Franchise Agreement. Payment of all such taxes shall be the Developer's responsibility.

d. INDEMNIFICATION. The Developer agrees to indemnify, defend and hold harmless the Franchisor, its affiliated entities and their shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") against and to reimburse any one or more of them for all claims, obligations and damages arising out of the Developers breach of this Agreement or any Franchise Agreements or the operation of the Developer's business or the use of the Marks in any manner not in accordance with this Agreement. For purposes of this indemnification, claims shall mean and include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against any one or more of the Indemnified Parties including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The Franchisor shall have the right to defend any such claim against it in such manner as the Franchisor deems appropriate or desirable in its sole discretion. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

13. ENFORCEMENT.

a. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS. Except as expressly provided to the contrary herein, each Section, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such provision of this Agreement is held to be invalid, contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which the Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if the Developer is a party thereto, otherwise upon the Developer's receipt of a notice of non-enforcement thereof from the Franchisor. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but could be enforceable by reducing any part or all thereof, the Developer and the Franchisor agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination or nonrenewal of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure the Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and the Franchisor shall have the right in its sole discretion to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. The Developer agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by the Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which the Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless the Franchisor elects to give them greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions.

b. WAIVER OF OBLIGATIONS. The Franchisor and the Developer may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by the Franchisor shall be without prejudice to any other rights the Franchisor may have, will be subject to the Franchisor's continuing review and may be revoked, in the Franchisor's sole discretion, at any time and for any reason, effective upon delivery to the Developer of ten (10) days' prior written notice. The Franchisor and the Developer shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of the Franchisor or the Developer to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by the Franchisor to exercise any right, power or option, whether of the same, similar or different nature, with respect to other The Great American Barbershop Shops or any territorial development agreements or Franchise Agreements therefor; or the Franchisor's acceptance of any payments due from the Developer after any breach of this Agreement. Neither the Franchisor nor the Developer shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform obligations results from any of the following and is not caused or exacerbated by the non-performing party: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part, as may be reasonable, provided that as soon as performance is possible the nonperforming party shall immediately resume performance.

c. INJUNCTIVE RELIEF. Nothing contained herein shall bar the Franchisor's right to obtain injunctive relief against threatened conduct that will cause it irreparable loss or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. The Developer agrees that the Franchisor may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of the Developer in the event of the entry of such injunction shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). Any such action shall be brought as provided in Section 14(g).

d. RIGHTS OF PARTIES ARE CUMULATIVE. The Franchisor's and the Developer's rights hereunder are cumulative and their exercise or enforcement of any right or remedy hereunder shall not preclude their exercise or enforcement of any other right or remedy hereunder which they are entitled by law to enforce.

e. COSTS AND ATTORNEYS' FEES. If a claim for amounts owed by the Developer to the Franchisor is asserted in any judicial proceeding or appeal thereof, or if the Franchisor or the Developer is required to enforce this Agreement in a judicial proceeding or appeal, the party prevailing in such proceeding shall be reimbursed by the other party for its costs and expenses, including reasonable accounting, paralegal, expert witness, attorneys' and arbitrators' fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement.

f. GOVERNING LAW. This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be interpreted and construed exclusively under the laws of the State of California, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of other choice-of-law rules); provided, however, that if the covenants in Sections 7 and 12 would not be enforceable under the laws of California, and the Shop is located outside of California, then such covenants shall be interpreted and construed under the laws of the state in which the Shop is located. Nothing in this Section 14(f) is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of California to which this Agreement would not otherwise be subject.

g. VENUE. Subject to Section 14(l), the parties agree that any action brought by the Developer against Franchisor in any court, whether federal or state, shall be brought within such state and in the judicial district in which Franchisor has its principal place of business at the time the action is commenced. Any action brought by Franchisor against the Developer in any court, whether federal or state, may be brought within the state and judicial district in which Franchisor has its principal place of business at the time the action is commenced. The parties agree that this Section 14(g) shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. The Developer and Franchisor hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

h. WAIVER OF JURY TRIAL. Franchisor and the Developer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.

i. BINDING EFFECT. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest and shall not be modified except by written agreement signed by both the Developer and the Franchisor.

j. ARBITRATION. Any dispute concerning, under, or in connection with this Agreement or the business conducted hereunder shall be submitted to binding arbitration by the American Arbitration Association in Fresno County, California.

k. LIMITATIONS OF CLAIMS. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE BARRED UNLESS AN ACTION OR LEGAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN EIGHTEEN (18) MONTHS FROM THE DATE THE DEVELOPER OR THE FRANCHISOR KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIM, EXCEPT TO THE EXTENT ANY APPLICABLE LAW OR STATUTE PROVIDES FOR A SHORTER PERIOD OF TIME TO BRING A CLAIM. THE PARTIES AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT A PROCEEDING BETWEEN THE FRANCHISOR AND THE DEVELOPER MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN THE FRANCHISOR AND ANY OTHER PERSON OR ENTITY, NOR MAY ANY CLAIMS OF ANOTHER PARTY OR PARTIES BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN THE FRANCHISOR AND DEVELOPER.

l. WAIVER OF PUNITIVE DAMAGES. THE PARTIES WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM SHALL BE LIMITED TO A RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

m. MEDIATION. Before either party may bring an action in court against the other, the parties must first meet to mediate the dispute (except as otherwise provided below). Notwithstanding anything to the contrary, this Section 14(l) shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Subject to the foregoing, the Developer will attempt to resolve any dispute between the Developer and the Franchisor that arises out of this Agreement through mediation, except for any dispute relating to Section 9. The mediation procedure to be followed by the parties shall be set forth in the Franchisor's then-current procedures for resolving disputes (the "Dispute Resolution Procedures") which shall be made available to the Developer upon written request to the Franchisor. All non-binding mediation shall occur at a place to be determined in the County of Fresno, State of California or in the county and state in which Franchisor has its principal place of business. All parties shall pay their respective costs and expenses of mediation. The Developer shall not institute any legal proceedings for claims arising out of a dispute with respect to this Agreement without first attempting to resolve the dispute through negotiation and non-binding mediation. If the dispute has not been resolved through negotiation or mediation pursuant to the Dispute Resolution Procedures, either party may institute proceedings as set forth herein in the county and state in which Franchisor has its principal place of business.

n. MEANING OF TERMS. The preambles and exhibits are a part of this Agreement, which constitutes the entire agreement of the parties with respect to the subject matter hereof, and there are no other oral or written understandings or agreements between the Franchisor and the Developer relating to the subject matter of this Agreement. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or entity not a party hereto. Except where this Agreement expressly obligates the Franchisor reasonably to approve or not unreasonably to withhold its approval of any action or request by the Developer, the Franchisor has the absolute right to refuse any request by the Developer or to withhold or condition its approval of any action by the Developer. The headings of the sections and subsections hereof are for convenience only and do not define, limit or construe the contents of such sections or subsections. The term "affiliate," as used herein, is applicable to any person or entity directly or indirectly owned or controlled by, or under common control with the relevant party. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time the Developer hereunder, whether or not as partners or joint venturers, their obligations and liabilities to the Franchisor shall be joint and several. The term "including" shall mean "including without limitation." References to a controlling interest in the Developer shall mean more than fifty percent (50%) of the equity or voting control of the Developer. This Agreement shall be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

14. NOTICES AND PAYMENTS. All written notices, reports and other communications permitted or required to be delivered by the provisions of this Agreement shall be deemed delivered at the time delivered by hand, facsimile, email or other electronic system, one (1) business day after being placed in the hands of a recognized commercial courier service for overnight delivery (e.g., FedEx, UPS), or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All payments, notices, reports and other communications required by this Agreement shall be sent to the Franchisor at the address to which the Developer is notified from time to time, or to such other persons and places as the Franchisor may direct from time to time.

15. ACKNOWLEDGMENTS.

a. The Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, recognizes that the men's hair care and grooming business contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability and efforts of the Developer and its owners as independent business persons. The Franchisor expressly disclaims the making of, and the Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

b. The Developer acknowledges that it received a complete copy of this Agreement and the Exhibits hereto, with all of the blank lines herein filled in, at least seven (7) business days prior to the date on which this Agreement was executed. The Developer further acknowledges that it received the franchise disclosure document required by the Federal Trade Commission Franchise Rule, 16 C.F.R. Part 436, at least fourteen (14) days prior to the date on which this Agreement was executed.

c. The Developer acknowledges that it has read and understood this Agreement, the Exhibits hereto, and agreements relating thereto, if any, and that the Franchisor has accorded the Developer ample time and opportunity to consult with advisors of the Developer's own choosing about the potential benefits and risks of entering into this Agreement.

d. Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

e. The Developer acknowledges that the Franchisor has not given any representation, promise, or guarantee of the Developer's success in the Development Area and at the accepted locations; and that the Developer shall be solely responsible for its own success in the Development Area and at the accepted locations.

f. The Developer represents and warrants to the Franchisor that: (i) neither the Developer nor any of its owners have made any untrue statement of any material fact nor omitted to state any material fact in obtaining the rights granted herein; (ii) neither the Developer nor any of its owners have any direct or indirect legal or beneficial interest in any business that may be deemed a competitive business, except as otherwise completely and accurately disclosed in its application materials; and (iii) neither the Developer nor its owners have been designated as suspected terrorists under U.S. Executive Order 13244. The Developer recognizes that the Franchisor has approved the Developer in reliance on all of the statements and representations the Developer and its owners have made in connection therewith, and that the Developer has a continuing obligation to advise Franchisor of any material changes in these statements and representations made to Franchisor in this Agreement or in the application materials.

g. Although Franchisor retains the right to establish and periodically modify **GABS System** standards, which the Developer has agreed to utilize in the operation of the business contemplated hereunder, the Developer retains the right and sole responsibility for the day-to-day management, operation, implementation and maintenance of system standards in the business contemplated hereunder.

h. The Developer acknowledges that Franchisor may modify the offer of its franchises, franchise agreements and development agreements to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

i. The Developer acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon the Developer's ability, its active participation in the daily affairs of the business, market conditions, area competition, quality of services provided at the Shops as well as other factors.

j. The Developer acknowledges that it understands and accepts the provisions of this Agreement as being reasonably necessary to maintain the Franchisor's high standards of quality and service and the uniformity of those standards at The Great American Barbershop Shops in order to protect and preserve the goodwill of the GABS System and the Marks. The Developer acknowledges that the men's hair care and grooming business is a highly competitive industry, with constantly changing market conditions.

16. ENTIRE AGREEMENT AND AMENDMENT. This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between the Franchisor and the Developer concerning the subject matter hereof, and supersede all prior agreements concerning the subject matter hereof. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to and duly executed by the parties in writing. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date first above written.

FRANCHISOR:

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

By: ____

Title: ____

DEVELOPER:

____

By: ____

Title: ____

EXHIBIT A
Development Area

The Development Area referred to in Section 2(a) shall be:

____

____

____

____

Political boundaries described above shall be considered fixed as of the date of this Agreement and shall not change for the purpose notwithstanding a political reorganization or change to such boundaries or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above.

EXHIBIT B
Franchise Agreement

EXHIBIT C
Developer's Principals/officers

Officer 1: ______________________________

Title: ______________________________

Officer 2: ______________________________

Title: ______________________________

Officer 3: ______________________________

Title: ______________________________

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "D"

FRANCHISE AGREEMENT

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE AGREEMENT

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THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made and entered into the ____ day of _______________, 2018 between The Great American Barbershop Franchise, Inc., a California Corporation ("GABS" or "The Great American Barbershop") whose principal address is 1952 N. Mcarthur Avenue, Clovis, CA 93619 ("Franchisor"), and ____________________, residing at ______________________ ("Franchisee").

A. Franchisor administers a franchise system (the "System") for the establishment and operation of retail shops offering men's hair care and personal grooming services (the "Services") designated periodically by Franchisor at a distinctive retail Shop facility (the "Shop") identified by certain trademarks, service marks, logos and other commercial symbols, including without limitation "The Great American Barbershop" (collectively "Marks"), and pursuant to certain confidential information and trade secrets. The services provided are done according to special techniques developed by The Great American Barbershop exclusively for use in its Shops. All The Great American Barbershop Shops are operated with uniform formats, designs, systems, methods, specifications, standard and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor ("System").

B. Franchisor grants to persons who meet Franchisor's qualifications and who are willing to undertake the investment and effort to establish and develop a The Great American Barbershop Shop, a franchise to own and operate such a Shop, offering the Services and Products approved by Franchisor and utilizing Franchisor's formats, designs, methods, specifications, standards, operating procedures, and the Marks.

C. Franchisee received a copy of Franchisor's Franchise Disclosure Document ("FDD"), which contains a copy of this Agreement, at least fourteen (14) calendar days before executing this Agreement.

D. Franchisee acknowledges that Franchisee has read this Agreement and the FDD and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all The Great American Barbershop Shops in order to protect and preserve the goodwill of the Marks.

E. Franchisee: (i) acknowledges that Franchisee has conducted an independent investigation of the business contemplated by this Agreement; (ii) recognizes that, like any other business, the nature of the business conducted by The Great American Barbershop Shops may evolve and change over time; (iii) acknowledges that an investment in a The Great American Barbershop Shop involves business risks; and (iv) recognizes that the success of the venture is largely dependent upon the business abilities and efforts of Franchisee.

F. Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee: (i) acknowledges that Franchisee has not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in Franchisor's FDD or to the terms and conditions contained in this Agreement; and (ii) represents to Franchisor, as an inducement to Franchisor to enter into this Agreement, that Franchisee has made no misrepresentations in obtaining the franchise.

G. Franchisee has applied to become a franchised operator of "The Great American Barbershop" as a licensee of The Great American Barbershop Marks and System under the terms and conditions of this Agreement. Any references to a "Shop" is a reference to one franchised location of The Great American Barbershop at the premises identified (or to be identified) in Article 1 below, and the application has been approved by Franchisor in reliance on all of the representations made in the application. In consideration of the above recitals and the mutual promises and covenants made in this Agreement, Franchisor and Franchisee agree as follows:

In consideration of the above recitals and the mutual promises and covenants made in this Agreement, Franchisor and Franchisee agree as follows:

ARTICLE 1.

GRANT OF FRANCHISE AND TERRITORY

1.1 Franchisor grants Franchisee, subject to the terms and conditions of this Agreement, the right and license to:

A. Establish and operate one Shop at a location that has been authorized by Franchisor (the "Authorized Location")

B. Use the Marks to identify and promote the Shop and the Services offered hereunder; and;

C. Use Franchisor's proprietary business methods and know-how as Franchisor discloses periodically to Franchisee in Franchisor's Operations Manual, other written communications and training programs.

1.2 The franchise location and territory set forth in Exhibit "A" may not be altered or changed by Franchisee without Franchisor's prior written approval. In the event there is such an approval, the new franchise location shall become the "Franchise Location" under the terms of this Agreement.

1.3 You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

1.4 Franchisee acknowledges and agrees that Franchisee has no right to participate, directly or indirectly, in any activity reserved by Franchisor, and that Franchisee has no right to object to any activity reserved by Franchisor.

ARTICLE 2.

FEES (INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR)

2.1 In consideration of the execution of this Agreement and Franchisor's granting Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an Initial Franchise Fee of Thirty-Five Thousand Dollars ($35,000) (the "Initial Franchise Fee"), payable upon the execution of this Agreement, which sum that be deemed fully earned by Franchisor upon receipt thereof and is non-refundable.

2.2 In consideration of this franchise granted by this Agreement, the services to be provided by Franchisor, the right to offer services under the System to the general public, and for the use of the Marks during the Initial Terms and any subsequent renewals, Franchisee shall pay to the Franchisor, in addition to the Initial Franchise Fee, a royalty fee equal to six percent (6%) of the gross sales generated by, from, or through Franchisee's Shop ("Royalty Fee").

A. For the purposes of determining the royalties to be paid, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Shop (including, without limitation, and any sales of products, new services, vendor products etc.), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system. Gross Sales shall not include the following:

1) Receipts from the operation of any products from vending machines located at the Shop, except for any amount representing Franchisee's share of such revenues;

2) Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Shop and any other tax, excise or duty, which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Shop, provided that such taxes are actually transmitted to the appropriate taxing authority.

3) Returns to shippers or manufacturers; and

2.3 Franchisor may, from time to time, authorize, in writing, certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. In addition to the foregoing, the following are included within the definition of "Gross Sales" described except as noted below:

A. proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gifts certificates or vouchers are redeemed the retail price thereof may be credited against Gross Sales during the reporting week in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due.

2.4 Royalty Fees are due and payable on the Wednesday of each week ("Payment Date"), relating to the week ending on the preceding Sunday. Franchisee shall remit Royalty Fees, Advertising Fees and any other monies owed to Franchisor under this Agreement via electronic funds transfers (EFT) or other comparable means. Franchisee shall comply with the procedures established by Franchisor and/or to perform such acts and deliver and execute the "Authorization to Honor Charges Drawn by and Payable to The Great American Barbershop Franchise, Inc." including Checks and Electronic Transfers (Exhibit "G") and any other documents as may be necessary to assist in or accomplish such electronic method of payment. In the event any electronic funds transfer is not honored by the Franchisee's bank for any reason, Franchisee shall be responsible for that payment, plus a service charge applied by Franchisor and the bank, if any. Franchisee shall, at all times throughout the term of this Agreement, maintain a minimum balance of Five Thousand Dollars ($5,000.00) in Franchisee's bank account against which such electronic funds transfers shall be drawn for the Shop operated under this Agreement.

Royalty Fees or any and all other payments provided for in this Agreement not received by the Franchisor within three (3) days of the Payment Date shall be subject to interest on a daily basis at a rate equal to two percent (2%) per month, or the then highest legal rate, whichever is less.

2.5 Acceptance by Franchisor of the payment of any Royalty Fee or any and all other payments provided for in this Agreement shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and other payments provided for this Agreement does not constitute any waiver of Franchisor's rights prescribed in this Agreement.

2.6 Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach under this Agreement and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the fees in escrow, or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

ARTICLE 3

DEVELOPMENT AND OPENING OF THE SHOP

3.1 Franchisor shall have the right, in its sole discretion, to require:

A. Franchisee to execute a Site Location Addendum in the form attached as Exhibit "D" to this Agreement;

B. Franchisee to conditionally assign such lease to Franchisor (with the consent of the lessor, if required) by conditional lease assignment provisions in the form attached as Exhibit "C" to this Agreement in order to secure performance of any and all of Franchisee's liabilities and obligations to Franchisor; or

C. That such lease contain substantially the following provisions:

1) "Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to The Great American Barbershop Franchise, Inc., or its designee."

2) "Lessee agrees that Lessor may, upon the written request of The Great American Barbershop Franchise, Inc., disclose to The Great American Barbershop Franchise, Inc., all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises."

3) "Lessor shall give written notice to The Great American Barbershop Franchise, Inc., (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease, and The Great American Barbershop Franchise, Inc., shall have the right, in its sole discretion, to cure any such default. Such notice shall be sent to The Great American Barbershop Franchise, Inc., at its headquarters, or such other address as The Great American Barbershop Franchise, Inc., may from time to time specify in writing to Lessor."

3.2 Franchisor shall have the right to approve the terms of any sublease or lease for the premises of the Shop. If Franchisor cures any default by Franchisee under such lease, the total amount of all costs and payments incurred by Franchisor in effecting such cure shall be immediately due and owing by Franchisee to Franchisor.

3.3 Franchisee's execution of a lease or sublease for the location for Franchisee's Shop shall constitute acceptance by Franchisee of such location and site and the terms of such lease and shall constitute a waiver of any claim or rights against Franchisor relating to Franchisee's choice of such site and location, and of the terms of such sublease or lease.

3.4 If Franchisee cannot find a suitable site within twelve (12) months (or another length of time, if you request and receive an extension) from signing this Agreement, Franchisor hold the right to terminate this Agreement and Franchisee will not be entitled to receive any refund of the Initial Franchise Fee.

Development of Shop:

3.5 Based on the information provided by Franchisee on their proposed premise for the Shop, Franchisor will furnish to Franchisee prototype or proto-style plans and specifications for a Shop reflecting Franchisor's requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor.

3.6 Within one hundred and twenty (120) days after obtaining possession of the premises of the Shop and having been furnished with the above-described plans and specifications, Franchisee will do or cause to be done the following:

A. Secure all financing required to fully develop the Shop;

B. Prepare, at Franchisee's expense, and submit to Franchisor for approval (which approval may be granted or withheld at Franchisor's sole discretion) any proposed modifications to Franchisor's prototype or proto-style plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, Franchisor;

C. Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

D. Construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with plans and specifications approved by Franchisor; and

E. Purchase, in accordance with Franchisor's specifications and requirements, an opening inventory of proprietary techniques, Products, ingredients and other products and supplies required for the opening of the Shop.

3.7 Franchisee shall use Franchisee's best efforts to complete development and have the Shop ready to open 120-180 days after Franchisee obtains possession of the premises. All activities, including without limitation, (1) obtaining bids and concluding a contract with a suitable general contractor or contractors for the construction of the Shop; (2) obtaining bids and concluding orders for the signs, fixtures, furnishings, equipment and operating supplies and materials; (3) making all decisions concerning the construction, furnishing, equipping and staffing of the Shop; (4) maintaining a current and complete accounting of the costs of development of the Shop; and (5) supervising the construction, furnishing, equipping and staffing of the Shop, shall be performed by Franchisee in the time frames necessary to complete the development of the Shop on schedule. All final decisions concerning the development of the

Shop which are discretionary and not dictated by Franchisor's written specifications shall be made by Franchisee. Within a reasonable time after the completion of development, a final accounting of all costs of development of the Shop, along with copies of all contracts, lien waivers, other paid receipts, shall be provided by Franchisee to Franchisor when requested. Franchisee may, at Franchisee's option, purchase or lease equipment for the Shop.

Fixtures, Equipment, Furniture and Signs:

3.8 Franchisee will use, in the construction and operation of the Shop, only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for Shops as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the premises of the Shop only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee may purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by Franchisor (which may include Franchisor and/or its affiliates), which approval may not be unreasonably withheld. If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

Shop Opening:

3.9 Franchisee will not open the Shop for business until:

A. Franchisor determines that the Shop has been constructed and equipped in accordance with approved plans and specifications;

B. Franchisee and Franchisee's manager(s) have completed training to Franchisor's reasonable satisfaction;

C. The Initial Franchise Fee and all other amounts due to Franchisor under this Agreement and any other related agreements to which Franchisee is a party have been paid;

D. Franchisor has been furnished with copies of all insurance policies required by Article 10 of this Agreement, or such other evidence of insurance coverage as Franchisor requests; and

E. Franchisee has completed all preparations for the opening of the Shop, as reasonably determined by Franchisor.

3.10 Franchisee will use its best efforts to have the Shop ready to open for business within four (4) months after the date Franchisee's lease or sublease is executed. Final approval by Franchisor of the opening of the Shop shall be given in writing and shall be in Franchisor's reasonable discretion. Franchisee will open the Shop for business within ten (10) days after receipt of such written notice from Franchisor. We will be available to provide assistance and guidance on your initial opening, as we deem necessary.

Relocation of Shop:

3.11 If Franchisee's lease or sublease for the premises of the Shop terminates without fault of Franchisee, or if the premises are damaged, condemned or otherwise unusable, or if in the reasonable judgment of Franchisor and Franchisee there is a change in the character of the location of the Shop sufficiently detrimental to its business potential to warrant its relocation, Franchisor shall grant permission to Franchisee for relocation of the Shop to a location approved by Franchisor. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation.

3.12 In the event of a relocation of the Shop, Franchisee shall promptly remove from the first Shop premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, lists, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with The Great American Barbershop Shops. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such changes, modifications or alterations as may be necessary to distinguish the first location clearly from its former appearance and from other The Great American Barbershop Shops and to prevent any possibility of confusion of the first location with a The Great American Barbershop Shop by the public (including, without limitation, removal of all distinctive physical and structural features identifying The Great American Barbershop Shops and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the first location and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that Franchisee's failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex-parte order by a court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete deidentification of the first Shop premises is not promptly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement pursuant to Article 26 below.

ARTICLE 4

TERM AND RENEWAL

4.1 Except as otherwise provided in this Agreement, the initial term of this franchise (the "Initial Term") shall be for five (5) years from the date of execution of this Agreement.

Renewal:

4.2 Franchisee may renew this franchise on the conditions specified in Paragraph 4.3, for two additional option term(s) of five year(s) each from the date of expiration of the then-expiring term. Unless renewed pursuant to Article 4, this Agreement and all rights licensed herein expire and revert to Franchisor upon the expiration of the term of this Agreement.

Conditions of Renewal:

4.3 Upon expiration of the initial term, or of the first renewal term if Franchisee renews, Franchisee must satisfy the following conditions each time it seeks to renew this Agreement:

A. Franchisee shall give Franchisor written notice of renewal not less than twelve (12) months and no more than eighteen (18) months prior to the expiration of the initial term:

B. Franchisee shall be in compliance with this Agreement on the date of the notice of renewal and at expiration of the then-current term;

C. Franchisee shall perform, at Franchisee's expense, such renovation and replacement of building, grounds, leasehold improvements, equipment, fixtures and signs as Franchisor reasonably requires to ensure that the Shop conforms with then-current System standards;

D. Franchisee shall pay a renewal fee 1/3 of then-current franchise fee within 30 days of the notice to exercise renewal;

4.4 Within three (3) months of the receipt of a notice to renew from Franchisee pursuant to Section 4.3 hereof, Franchisor shall complete a renewal report specifying the modifications and improvements and repairs, if any, required by Franchisor and which Franchisee must make to Franchisee's Shop which must be in conformity with the then existing standards, and specifications pertaining to Franchisee's Shop.

4.5 Franchisor expressly reserves the right to deny Franchisee's renewal in the Event that Franchisee abandons Franchisee's Shop and Franchisee ceases to operate and maintain Franchisee's Shop in accordance with the terms of this Agreement.

4.6 Franchisee shall sign Franchisor's then-current standard form of Renewal Franchise

Agreement, pay a continuing franchise fee and other fees in accordance with Franchisor's new Franchise Agreement then being issued; the Renewal Franchise Agreement may change the renewal terms of future renewals;

4.7 At Franchisor's discretion, Franchisee shall attend and successfully complete Franchisor's training program at Franchisee's expense.

4.8 In the event that Franchisee continues to operate the Franchisee's Shop following the expiration, termination, or non-renewal of this Agreement for any reason, with the express of implied consent of Franchisor, such continuation shall be construed to be an extension of the term of this Agreement only from month-to-month terminable by either party on no more than thirty (30) days' notice to other party and otherwise in accordance with all of the provisions of this Agreement.

ARTICLE 5.

PROPRIETARY MARKS AND GOODWILL

5.1 When used in this Agreement, "Marks" mean the trademarks and service marks which are used to identify The Great American Barbershop Shops and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by the Franchisor from time to time for use in connection with the System.

5.2 Franchisee shall not use any of the Marks in or as a corporate or business name. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now or hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor owns all rights, title and interest in and to the Marks; Franchisee acquires only the qualified license granted in this Agreement.

5.3 Franchisee acknowledges that Franchisor is the sole and exclusive licensee of all of the Marks, goodwill and trade secrets, and that Franchisee shall not register or attempt to register the Marks or to assert any rights in them other than as specifically granted in this Agreement.

5.4 Franchisee shall display and use the Marks only in the manner and form prescribed or approved by Franchisor through ongoing communications and Franchisor's Operations Manual. Standards for such usage are subject to change. Franchisee shall use the Marks only with advertising, goods and services prescribed or approved by Franchisor, and shall conduct no other business from the Shop than that prescribed by Franchisor. Franchisor may also permit Franchisee to use from time to time other trademarks, service marks, trade names and commercial symbols as may be designated in writing. Franchisee shall not use any confusingly similar Marks in connection with its franchise or any other business in which it has an interest.

5.5 Franchisor reserves the right to change the Marks of the System on a national or regional basis. Promptly upon notice Franchisee shall, at its expense, adopt the new Marks designated by

Franchisor to identify the Shop and business conducted hereunder, including new Shop signs and trade dress. Franchisee waives any claim arising from or relating to any proprietary mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses, or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee will not commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

5.6 Franchisee shall immediately notify Franchisor if it becomes aware that any person, who is not a licensee of Franchisor, is using or infringing any of the Marks. Franchisor shall have sole discretion to determine what steps, if any, are to be taken in such cases, and will have complete control of any litigation or settlement. Franchisor shall pay the legal expenses of any such suit or action, however, Franchisee, at its own expense, will assist and fully cooperate with Franchisor. Franchise's cooperation may include, for example, presenting testimony or furnishing documents or other evidence. Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that related to any of Franchisor's Marks or that, in Franchisor's judgment, may affect the goodwill of the System; and Franchisor any, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. Franchisee shall execute those documents and perform those acts, which in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as Franchisor may undertake.

5.7 Franchisor may offer to sell to Franchisee at a profit various goods and services, and reserves the right to receive fees or other consideration from all sales promotions, advertising programs and System vendors.

5.8 Franchisor reserves the rights to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using Franchisor's Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials using the Marks shall comply with this Agreement and the Operations Manual, and the Franchisee shall obtain Franchisor's approval prior to such use.

5.9 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm or corporation to use, without authorization, or any infringement of or challenge to, any of the Franchisor's Marks. Franchisee will immediately notify Franchisor of any other claim, demand or litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee.

5.10 Franchisee is not authorized to, and shall not, use the name "The Great American Barbershop" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade name, or in any legal or financial connection.

5.11 Franchisee shall be required to affix the TM or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "the Great American Barbershop" or any other of Franchisor's Marks, whether presently existing or developed in the future.

5.12 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using Franchisor's Marks, color combinations, designs, symbols or slogans; and Franchisee shall execute such documents and take such action as Franchisor may deem necessary or appropriate to evidence this fact. After the effective date of expiration, termination or non-renewal shall not represent or imply that Franchisee is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect Franchisor's Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of Franchisor's Marks will result in irreparable harm to Franchisor, for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

5.13 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Shop in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as Franchisor may designate in writing.

ARTICLE 6.

TRAINING AND COMMENCEMENT OF BUSINESS

Training:

6.1 During the time period prior to starting construction of Franchisee's Shop, but not less than one moth prior, Franchisee shall attend Franchisor's initial training program at the Franchisor's Headquarters. The Initial Training for the Franchisee and the Manager of the Shop (Operations Manager) is included in the Initial Franchise Fee. Any additional trainings will be $800 per $800 per day for up to four people. The Initial Training is expected to last three days but may fluctuate. This fee will be due prior to the start of the initial training and is uniform, and non-refundable. Additional training requirements are communicated and updated through periodic memos, publications and manuals. All active Franchisee owners must satisfactorily complete all required training. The training is conducted at training facilities designated by Franchisor. Usually, the training will be conducted in two parts. In the first part, the Franchisee and the Manager will receive instructions, training and education in the operation of the Shop and carrying out of the System. Such training program shall include, but not be limited to, instructing Franchisee into the preparation and sale of Franchisee's propriety techniques, programs, quality control techniques, procedures and other aspects of the business.

In the second part, the Franchisor may go to the location of the Franchisee's Shop and provide additional training or information. If Franchisor has to send a trainer, the cost will be $1,500 per trainer.

The Franchisor will provide period updates, information, and supplemental trainings to Franchisee owner, Operations Managers, and/or Barbers at the Shops at its discretion via webinar, manual, or other medium of communication. These trainings will be complimentary and without cost to the Franchisee.

6.2 If Franchisee fails to satisfactorily complete Initial Training, Franchisor may immediately terminate this Agreement. Initial Franchise Fees will not be refunded due to Franchisee's failures to complete the training. Franchisor's initial training program also includes training of Franchisee's initial group of barbers at no extra charge beyond the Initial Training fee and the Initial Franchise Fee. Barber training is mandatory and must be successfully completed within the time frame established by Franchisor. Franchisee or the trainee must pay all travel and living expenses necessary to attend training.

6.3 Additional members of Franchisee's management staff who do not participate in Franchisor's Initial Training must also successfully complete Franchisor's training program at Franchisee's or the trainee's expense. Such persons may be scheduled for training, at mutually convenient times, upon payment of Franchisor's then-current fee for such training. The current fee for training additional managers and assistant managers is $800 per day for up to four employees. Franchisee or the trainee must pay all travel and living expenses necessary to attend training. Franchisee is responsible for ensuring that all stylists are licensed by the state's Cosmetology Board or equivalent official licensing entity.

<u>Commencement of Business:</u>

6.4 Franchisee is solely responsible for locating, securing and evaluating the suitability and prospects of Franchisee's Shop location, layout and operations, and for the review and negotiation of Franchisee's lease. Franchisor will, at Franchisee's request, assist Franchisee in site selection by furnishing Franchisee with Franchisor's confidential site evaluation criteria, by consulting with and counseling Franchisee, and, at Franchisor's discretion, conducting field inspections of proposed sites at mutually convenient times. Franchisor may withhold consent to any proposed location in its absolute discretion, and Franchisor's consent, if granted, is not an assurance or guaranty to Franchisee of the availability, suitability or success of a location.

6.5 Franchisor shall advise Franchisee on Shop layout; acquisition of licenses or permits; proper display of Marks; procurement of equipment, fixtures and initial inventories; recruitment of personnel; and management of the construction of the Shop.

6.6 Franchisor shall provide counseling and information on advertising and promotional matters, training and development procedures, and other elements of the business, through Franchisor directives, System bulletins, meetings and seminars, telephone communications and on-site visits. Franchisor shall lend Franchisee one copy of Franchisor's Operations Manual and various other manuals.

6.7 Franchisor shall permit Franchisee to participate in such purchasing programs as Franchisor may establish periodically with respect to Shop fixtures, furnishing, equipment, inventories and supplies.

6.8 Provision of any Franchisor services set forth in this Agreement does not constitute any assurance or guaranty that such services will result in any level of success of Franchisee's business.

6.9 At all times during the term of this Agreement or any renewal thereof, Franchisee shall have a supervisor managing the operation of the Shop who has successfully completed Franchisor's training program and is able to operate the Shop in accordance with this Agreement and Franchisor's standards.

ARTICLE 7.

FRANCHISOR OBLIGATIONS

7.1 In order to assist Franchisee in selecting a location, we will give you our site selection criteria for the Shop. The site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site. We will accept or deny a location you propose for the Shop within 30 days after we receive the complete site report and other materials we request. We do not guarantee the success of any site or any lease.

7.2 In order to assist constructing Franchisee's Shop, Franchisor shall furnish to Franchisee a set of prototype plans and specifications for a typical Shop, including requirements for exterior and interior design, layout, equipment and sign placement and decor scheme, all as included in the System. Our representative will assist you with the purchase of equipment, signs, fixtures and opening inventory and supplies, but we will not install these items. We will assist you in setting up accounts with approved suppliers who are familiar with our specifications and will provide you a copy of such specifications.

Franchisee must use Franchisor's approved sign vendor, or if Franchisee does not use Franchisor's approved sign vendor, Franchisee shall pay Franchisor a supervision fee of $1,000 prior to engaging Franchisee's separate sign vendor.

7.3 Franchisor does not provide Franchisees with contractor or project supervision; it is the Franchisee's responsibility to ensure that the contractor of Franchisee's choosing complies with all building permit requirements, local and state laws, and any other government compliance. Additionally, it is Franchisee's sole responsibility to ensure that all plans are approved and meet the requirements set forth by Franchisor as a part of the "System" and do not compromise the brand, marks, reputation or any other financial or non-financial interests of the Franchisor.

7.4 Franchisor shall make available to Franchisee any further assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of Franchisee's Shop, which assistance shall conform to that furnished to other existing franchisees as further defined in the Operations Manual. Franchisor shall have the right to determine the time or times at which such assistance shall be available to Franchisee. We will give you guidance on standards, specifications, and operating procedures and methods used by other The Great American Barbershop Shops in the System; techniques, services, programs, discounts, purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee trainings; and administrative, bookkeeping, and accounting procedures. This guidance will, at our discretion, be furnished in our Operations Manual, bulletins, or other written materials and/or during telephone consultations at our office or the Shop.

7.5 Franchisor shall make available to Franchisee a grand opening advertising program and ongoing local marketing programs for Franchisee's use.

7.6 Franchisor shall maintain an advisory relationship with Franchisee, including ongoing telephone consultation to aid in the proper and effective operation of the System, the frequency and duration of which shall be in the sole discretion of Franchisor in accordance with the Operations Manual. Such operating assistance may consist of advice and guidance with respect to:

A. Methods and operating procedures utilized by Shop

B. Additional services authorize for sale by Shop;

C. The establishment and operating of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of Shops;

7.7 Franchisor or its designees or agents shall visit and inspect, from time to time, Franchisee's Shop and evaluate the proper execution of the System, and confer with Franchisee and the Franchisee's employees in order to assist in the proper business operation of the Franchisee's Shop in accordance with Operations Manual. Franchisor or its designees or agents shall have the absolute right to make inspections at such times and frequencies, during normal business hours, and Franchisor may determine. Franchisee will cooperate with Franchisor's representatives in such inspections, render such assistance to them as they may be reasonably request and immediately correct any failure to comply with the System and Agreement as brought to Franchisee's attention by such representative's request an request and immediately.

7.8 Franchisor shall use its reasonable efforts to require maintenance of high and uniform standards in the execution of the System at all Shops utilizing the System, in order to project and enhance the reputation of Franchisor and its Marks. We will update periodically the Operations Manual, as needed, to incorporate new developments and changes in The Great American Barbershop System, and will provide you a copy of all updates.

7.9 Neither Franchisor's approval or a specific location for Franchisee's Shop, nor any other service provided by Franchisor pursuant to this Article shall be deemed a representation, warranty or judgment by Franchisor as to the likely success of Franchisee's Shop at such location or as to the relative desirability of such location in comparison to other that might have been available to Franchisee.

ARTICLE 8

FRANCHISEE OBLIGATIONS

Shop Opening

8.1 Franchisee shall make any grant opening advertising expenditures as may be required by Franchisee's landlord or by the terms of the Franchisee's lease or sublease. Franchisee must participate in and put on a Grand Opening which will consist of various advertising methods and materials, and a social media promotion over a period of time, as directed and/or provided by Franchisor, as well as an on-side physical Grand Opening presence and promotions, as directed by Franchisor.

8.2 Franchisee or a designated and approved shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of Franchisee's Shop, except as otherwise approved in writing by Franchisor, including, but not limited to, keeping the Shop operating and open for business at the times specified in the Confidential Operations Manuals or as required by Franchisee's lease or sublease.

8.3 Franchisee's Shop shall meet the following conditions:

A. The Shop shall be designed, constructed or improved, equipped and furnished in accordance with Franchisor's standards. Equipment, furnishings, fixtures and signs for the Shop shall be purchased from Franchisor or from suppliers approved by Franchisor. Franchisee may remodel or alter the Shop, or change its equipment or fixtures, only with Franchisor's consent. Franchisee must obtain all necessary permits, licenses and other legal or architectural requirements. The Shop shall contain or display only signs that Franchisor has specifically designated or approved;

B. The Shop shall be in a location to which Franchisor has given its written consent (as provided above);

C. The Shop shall be maintained in accordance with standards established by Franchisor or prescribed after inspection of the Shop. Franchisee shall promptly repair or replace defective or obsolete equipment, signs or fixtures in accordance with Franchisor standards;

D. The Shop shall contain signs prominently identifying Franchisee by name as a franchisee of Franchisor. Franchisee shall permit Franchisor to place in the lobby area of the Shop information relating to franchise opportunities available only through The Great American Barbershop Franchise, Inc.;

E. The Shop lease shall comply with Articles 1 and 2. Franchisee is required to promptly provide Franchisor with a copy of Franchisee's fully executed Shop lease.

Operations and Service Standards:

8.4 Franchisee's business shall meet the following conditions:

A. Franchisee shall offer and sell only services and ancillary products that Franchisor approves periodically. No other product, service or business may be offered or conducted at the Authorized Location. Franchisee shall offer all services and ancillary products prescribed periodically by Franchisor and shall sell only those products in the Shop that are approved or endorsed by Franchisor;

B. Franchisee shall work diligently to open the Shop for business in a timely manner, featuring a grand opening at Franchisee's expense. The grand opening shall be in the form, and using the advertising and promotional campaign and materials, reasonably designated or approved by Franchisor;

C. Franchisee shall adhere to good business practices, observing high standards of honesty, integrity, fair dealing and ethical business conduct in all business dealings with customers, vendors and Franchisor;

D. Franchisee shall maintain the Shop in a clean, orderly and safe manner and in compliance with all applicable sanitation, cosmetology, and Occupational Safety and Health Administration laws and regulations. Franchisee must at all times be current in its knowledge and understanding of all laws as they relate to the operation of the Shop. Franchisee shall operate and maintain its premises in strict compliance with all fire, safety and building codes and other requirements that may be prescribed by Franchisor or by public authority;

E. Franchisee must maintain a fair and equitable work environment for its employees. Franchisee will manage the Shop and its staff in compliance with all laws and all Franchisor requirements as prescribed periodically in the Operations Manual and other manuals and related training programs.

Franchisee must assume responsibility for the full knowledge and application of all applicable laws and regulations relating to employment of staff. Franchisor may from time to time provide information or training to assist Franchisee in gaining knowledge about applicable laws, but this does not in any way relieve Franchisee of its full responsibility and sole obligation to comply with such laws;

F. The Shop shall be staffed with a sufficient number of Franchisee's qualified, competent employees, who have been trained in accordance with Franchisor's standards and have received a Certification of Competency within the time frame required by Franchisor. Franchisee is solely responsible for recruiting, hiring, supervising and discharging employees, assuring their continuing compliance with standards of training and competence, and setting their wages and terms of employment. Franchisee's employees shall wear attire prescribed by Franchisor, furnished at Franchisee's or the employee's expense. Franchisee may manage or operate the Shop on a regular basis through a manager only if the manager has successfully completed Franchisor's training program;

G. Franchisee shall employ sales promotions and advertising programs in local media, by direct mail, social media/internet advertising or otherwise. Franchisee shall use only advertising programs or materials provided by Franchisor or those that Franchisor has specifically approved in writing. Franchisee must submit any programs for approval by Franchisor at least thirty (30) days prior to running any promotions or advertising programs. All costs, including production costs, for advertising programs or materials not provided by Franchisor shall be paid by Franchisee;

H. Franchisee's business shall be conducted and the Shop operated in compliance with the standards and management system prescribed in the Operations Manual, other manuals, and in other communications from Franchisor as revised periodically by Franchisor. The Shop shall be open for business for such days and hours as prescribed periodically by Franchisor, including Sundays, if permitted under Franchisee's lease. Franchisee shall implement changes in operational and facility requirements when prescribed by Franchisor, even if this requires additional investment or expenditures. Franchisee acknowledges that other Shops may operate under different agreements with Franchisor, and that the rights and obligations of parties to other agreements may differ from those in this Agreement

8.3 Franchisee shall apply its best efforts to the management and development of the Shop. During and after the term of this Agreement, Franchisee shall not disclose, except to Franchisee's employees at the Shop on a need-to-know basis, or use for any purpose other than operating the Shop, any confidential or proprietary information about the System including, but not limited to, the contents of the Operations Manual and other manuals, Franchisor's training programs, or other knowledge or know-how distinctive to a Shop. Franchisee is further responsible for ensuring that Franchisee's employees maintain the same level of confidentiality. Franchisee shall not duplicate or disseminate the Operations Manual or other manuals, in whole or in part. Franchisee shall destroy superseded pages of all manuals, and shall return the Operations Manual and other manuals to Franchisor immediately upon termination or expiration of this Agreement. If Franchisee at any time specified herein conducts, owns, consults with, is employed by or otherwise assists a business similar or competitive to that franchised in this Agreement, it is Franchisee's burden to prove that Franchisee is not in violation of this covenant.

8.4 To prevent a conflict of interest and unfair competition based upon Franchisee's knowledge and use of the System and Marks, Franchisee shall not without Franchisor's prior written consent (which may be withheld arbitrarily) directly or indirectly engage in, participate in or assist any retail hair care or personal grooming business (i) during the term of this Agreement, at any location, and (ii) for five years after the term of this Agreement, or after this Agreement is terminated or cancelled, anywhere within twenty (20) mile(s) of any Shop. Franchisee shall not acquire or hold directly or indirectly any interest (other than 1% percent or less of the stock in a publicly-traded corporation) in another retail hair care or personal grooming business or hair care franchisor, without Franchisor's prior written consent. Such consent may be withheld arbitrarily. If a court or arbitrator finds this paragraph or any portion of it to be unenforceable, the court or arbitrator is authorized to reduce the scope or duration (or both) of the provision in issue to the extent necessary to render it enforceable and to enforce the provision as so revised.

8.5 Franchisee shall make available sufficient working capital to permit operation of the Shop in compliance with this Agreement. Franchisee shall pay the debts of, and taxes and assessments against, the Shop. Franchisee shall discharge any encumbrance against the Shop (except those incurred in connection with Franchisee's long-term financing of the Shop) within 90 days of the Shop's creation.

8.6 Franchisor may inspect Franchisee's premises at any reasonable time.

8.7 If a legal action relating to Franchisee's Shop is commenced by or against Franchisee, Franchisee shall immediately notify Franchisor and keep Franchisor continuously advised of the status of the matter.

8.8 If and when prescribed, Franchisee shall join local marketing, advertising or comparable cooperative organization composed of other franchisees of Franchisor; pay its dues, assessments or contributions; and comply with the obligations of its charter and bylaws.

8.9 Each lease or sublease under which Franchisee occupies the Shop shall allow Franchisee to assign Franchisee's interest therein to Franchisor or Franchisor's designee, without consent of the lessor or property owner without payment of additional consideration (other than a reasonable assignment fee) by reason of the assignment, and without liability of the assignee for obligations of Franchisee accrued as of the date of the assignment.

8.10 Franchisee shall cooperate with Franchisor in various advertising and sales promotion programs. Franchisor reserves the right to establish and prescribe periodic advertising and sales promotion programs. Franchisor has sole discretion, within its own assessment of the general best interests of the System, to determine expenditure of funds collected by the Ad Fund for advertising, research, marketing, public relations and various sales promotion programs, and as to the selection of materials, programs, media and agencies on which said expenditures are made. Franchisor may compensate itself from the Ad Fund for reasonable expenses of administering the Ad Fund and its programs, including any taxes that may be levied on or in relation to the Ad Fund receipts or fund balances. Franchisor has the exclusive right to decide whether and in what proportions such funds will be allocated to advertising, research, marketing, public relations, sales promotions or other areas, and to select materials, programs, media and agencies it deems appropriate. Franchisor has no obligation to expend money from the Ad Fund to benefit Franchisee in proportion to its contributions to the Ad Fund. Franchisor shall advise Franchisee annually of the receipts and expenditures of the Ad Fund and of Franchisor's expense of administering the Ad Fund and its programs.

8.11 Franchisee shall list separately or participate in a listing in the local telephone directory and any leading online directories, such as yelp.com. The listing shall contain such copy as Franchisor may reasonably specify. The cost of such listing shall be paid by Franchisee, or by Franchisee and other participating franchisees in the case of a joint listing.

8.12 Franchisee will maintain a high moral and ethical standard in the operation and conduct of Franchisee's Shop so as to create and maintain goodwill among the public for the name "The Great American Barbershop" and supervise and evaluate the performance of its staff to ensure that each employee renders competent, efficient and quality service to the general public.

8.13 In connection with the operation of Franchisee's Shop, Franchisee is required to purchase certain equipment, packaging supplies, paper goods and other product service items for the preparation and service of the Products which bear any of the Marks ("Branded Products"). In addition, Franchisee shall be required to purchase from Franchisor, its designee OR a Franchise approved vendor any Branded Products at then current prices established from time to time. Franchisee is also required to purchase certain types, models and brands of equipment, fixtures, and furniture, which are not specified as Proprietary System Asset, as provided in the Operations Manual ("System Items") from Franchisor, its designee or Franchise approved vendor. In the event that Franchisee desires to purchase any Branded Products or System Items from sources other than Franchisor, its designee or Franchise approved vendor, Franchisee shall so request in writing, specifying the item or product Franchisee desires to purchase from another source not already approved by Franchisor, including samples, specifications, and sufficient information on the source to enable Franchisor to determine whether the item or product meets with Franchisor's quality assurance requirements and specifications. Upon submission of the requested information to Franchisor, Franchisor shall conduct its evaluation, taking into consideration the product quality, delivery frequency and reliability, services standards as well as financial capacity and credit of the identified supplier. Franchisor may charge a reasonable fee to Franchisee for conducting this evaluation. Franchisor shall conduct its evaluation and advise Franchisee in writing of its decision within thirty (30) days from the date on which Franchisor received the requested information and materials sufficient to commence its evaluation. Franchisor and Franchisee acknowledge that Franchisor has no obligation to approve any request for a new supplier, product or item, but that Franchisor shall not unreasonably withhold its approval in this process.

8.14 Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from Franchisor or from suppliers approved by Franchisor, FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMINATION EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGRESS TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME FOR ANY REMEDY OR LIABILITY IN THE EVENT OF ANY DEFECTS THEREIN.

8.15 Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, techniques, or know-how concerning the methods of operation of the business franchised under this Agreement which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential only to such of its employees as must have access to it in order to operate the Shop. Any and all information, knowledge and know-how and other data which Franchisor designate as confidential, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to Franchisee's attention prior to disclosure thereof by Franchisor; or which, at the time of disclosures by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, become a part of the public domain, through publication or communication by others.

8.16 Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, federal income taxes, sales taxes, unemployment taxes and all indebtedness to Franchisor incurred by Franchisee in the conduct of the business licensed by this Agreement.

8.17 Franchisee shall comply with all federal, state and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious names registration

8.18 Franchisee shall notify Franchisor, in writing, within five (5) days of commencement of any action, claim, suit or proceeding, and of the issuance of any order, write, injunction, suit or proceeding, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Shop.

8.19 Franchisee shall not pledge Franchisor's credit or bind Franchisor to any obligation, nor shall it hold itself out as being authorized to do so.

8.20 Franchisor and Franchisee understand and agree that the operation of the Shop, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental statutes and regulations. To this end, Franchisee owes an obligation to the patrons of Franchisee's Shop, Franchisor, and to Franchisee, to fully and faithfully comply with all those applicable governing authorities. If any patron or guest suffers an injury on the premises at Authorized Location, Franchisee shall immediately notify Franchisor and provide all relevant information requested by Franchisor, close Franchisee's Shop, review all protocols and procedures and conduct an investigation into the cause behind the injury. If Franchisor or any of Franchisee's agents or employees fails or refuses to comply with all of the above remedial measures or in the event of any repetition of injury or failure of sanitation in the Shop:

A. Franchisee shall pay the costs and expenses, including attorney's fees, of both parties, incurred in enforcing the provisions of this Subsection or any provision of this Franchise Agreement in obtaining Franchisee's compliance with the Agreement.

B. The remedies set forth in this paragraph are in addition to and not in substitution for those set forth in this Franchise Agreement.

8.21 Franchisor may, from time to time, conduct market research and testing to determine consumer trends and new services. Franchisee will cooperate by participating in Franchisor's market research programs, test marketing new hair care and grooming services in the Shop, and providing Franchisor with timely reports and other relevant information regarding such market research

8.22 Franchisee shall be absolutely prohibited from having any vending machines, lottery games or games or chance, newspaper racks, juke boxes, gum or candy machines, games pinball machine, video games, rides, or other mechanical or electronic devices installed or operated at the Shop.

ARTICLE 9.

REPORTS TO FRANCHISOR

9.1 Franchisee shall maintain and furnish to Franchisor on request such information, books and records relating to the Shop as Franchisor periodically may require, on forms designated by Franchisor, including Franchisee's sales and use tax returns, monthly and annual financial statements, sales reports, check registers, purchase records and business plans. Franchisee shall furnish its annual financial statements to Franchisor within 30 days of Franchisee's fiscal year end. Franchisor periodically may require Franchisee to have Franchisee's financial statements reviewed at Franchisee's expense by an independent certified public accountant, in which case the accountant's report shall also be furnished to Franchisor. All sales shall be recorded in a manner prescribed by Franchisor. Franchisee shall retain all records for at least five (5) year(s) following the end of Franchisee's fiscal year to which they pertain. Franchisee shall keep all such records where they are readily available to Franchisor and shall permit Franchisor to inspect, copy, and audit them at any time. Franchisee shall install and use such electronic data processing and communications hardware and software as Franchisor may designate including Franchisor's proprietary software package and the hardware designated by Franchisor or Franchisor's software supplier. Both the hardware and the software are subject to change periodically at Franchisor's discretion.

9.2 Franchisee shall submit to Franchisor by the Friday after the end of each biweekly period designated by Franchisor a report, certified by Franchisee, showing such information pertaining to Franchisee's operation as Franchisor periodically may require. The report shall show the computation of the continuing franchise fee and Ad Fund contribution and shall be accompanied by payment in full of the fee and contribution due.

9.3 Franchisee shall permit Franchisor to conduct audits of Franchisee's records. If such an audit reveals a misstatement of two percent or greater in any data reported by Franchisee, or an underpayment of two percent (2%) or more of any fees due to Franchisor or of the advertising contribution, Franchisee shall promptly reimburse Franchisor's cost of conducting the audit including reasonable professional fees. Franchisee shall pay additional amounts found due within 15 days after Franchisee is notified.

ARTICLE 10.
INSURANCE

10.1. Franchisee, at its sole cost and expense shall obtain and place with an insurer rated "AAA" in Best's Directory who is authorized to do business in the state in which Franchisee's Shop is located, and to keep in full force and effect during the terms of the Agreement, insurance coverage on an "occurrence basis" naming Franchisor, its officers, directors and shareholders and any supplier of Products, and any designated primary and secondary lessor as co-insureds (such insurance policies referred to below collectively as "Insurance") as follows:

A. Broad Form Comprehensive General Liability with limits of no less than Two Million Dollars ($2,000,000) in case of damage or injury to one or more persons, including business interruption coverage, indemnification coverage and property damage insurance of Five Hundred Thousand Dollars ($500,000); both of which shall be considered primary policies;

B. All risk property and casualty insurance for the replacement value of your Shop covering Franchisee's Shop and premises and contents thereof including, without limitation, all supplies, products, inventory, fixtures, and equipment and business interruption in amount sufficient to meet co-insurance requirements of Franchisee's policies, and which business interruption covers at least six (6) months of rent, royalties, and advertising fees, and contain a replacement value endorsement in an amount not less than ninety percent (90%) of the replacement value thereof, and any loss shall be payable to Franchisor and Franchisee as their interests may appear;

C. Worker's Compensation and Disability Insurance as may be required by law;

D. Products Liability Insurance in an amount not less than One Million Dollars (1,000,000) which policy shall be considered primary; and

E. Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises are located.

F. Products Liability Insurance in an amount not less than Two Million Dollars ($2,000,000), which policy shall be considered primary; and

G. Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises are located.

10.2 The insurance shall cover all acts or omissions of each and every one of the persons who perform services of any nature at the Franchisee's Shop, and shall protect against all acts of any persons who patronize the Shop and shall contain a waiver of subrogation against Franchisor.

10.3 Prior to the opening of Franchisee's Shop, Franchisee will deliver to Franchisor certificates of the Insurance, together with copies of the actual polices issues, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-concealable as to Franchisor unless Franchisor receives at least thirty (30) days' prior written notice of cancellation. Franchisor shall have the right, but shall no be obligated to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in case of cancellation. Any cost incurred by Franchisor shall be due and payable to Franchisor within five (5) days of written demand by Franchisor.

10.4 Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time, which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in Franchisee's Shop, provided such insurance is reasonable common in the area for similar operations.

10.5 Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the parties having insurable interests in Franchisee's Shop, provided such Insurance is reasonably common in the area for similar operations.

10.6 Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might have given rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies Franchisee's insurance carrier.

10.7 Franchisee shall indemnity, hold harmless and at the Franchisor's request, defend Franchisor, its affiliates and their respective officers and directors against suits, claims, liabilities and costs, including attorney's fees, arising out of or in connection with Franchisee's conduct of the business licensed in this Agreement expect any such matters in which Franchisor is found liable for its own conduct. Franchisee waives and releases all claims against Franchisor for damages to property or injuries to persons arising out of the operation of Franchisee's business, including any such claims currently unknown to Franchisee and arising at any time during the Agreement, and expect any such matters in which Franchisor is found liable for its own conduct.

ARTICLE 11.

ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Each Franchisee is required to pay a Marketing Fund contribution (the "Marketing Fund Contribution") equal to 2% of the Gross Sales to the Franchisor's Marketing Fund. All contributions to the Marketing Fund will be used for advertising and promotion of The Great American Barbershop brand. The Fund will be maintained and administered as follows:

A. Franchisee will contribute to the Fund monthly by Electronic Transfer (EFT) as specified in the Operations Manual based on Franchisee's Gross Sales for each preceding month. During any period of business interruption, Franchisee will continue to make monthly contributions based on Franchisee's average monthly payment during the three (3) month period immediately preceding the period of business interruption.

B. Any Franchisor-owned the Great American Barbershop will make contributions to the Fund on a basis at least equal to that described in Article 11.

C. Franchisor will direct all advertising and promotional programs, with the sole direction of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an online presence. Franchisee agrees that the Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that Franchisor and its designees undertake no obligation in administering the Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or pro rata from the placement of advertising.

Franchisee may develop advertising materials for its own use, at its own cost. Franchisee must submit to Franchisor all advertising materials not prepared or previously approved by us, for our approval. If we do not approve your advertising materials within 15 days, the proposed advertising will be deemed disapproved.

D. Franchisee agrees that the fund may be used to meet the costs of researching, preparing, maintaining, administering, and directing advertising and promotional materials and programs of any kind using any medium the Franchisor or its designees deem to be appropriate and effective. All sums contributed to the Fund will be maintained in a separate account from Franchisor's general funds and will not be used to defray Franchisor's general operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the Fund up to fifteen percent (15%).

E. If Franchisor spends less than the total of all contributions to the Fund during any fiscal year, it has the right to retain those contributions for use in subsequent years. If Franchisor spends more than the contributions accumulated in the Fund during any fiscal year, it will have the right to receive from the Fund reimbursement or credit during the same or subsequent years to the extent of the excess expenditure.

F. An unaudited summary report on the operation of the Fund will be prepared annually and will be made available to Franchisee on request ninety (90) to one hundred twenty (120) days after fiscal year end.

G. Although the Fund is intended to be of perpetual duration, Franchisor retains the right to terminate the Fund. The Fund will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributions on a prorated basis.

H. Franchisee authorizes Franchisors to collect, for remission to the Fund, any advertising or promotional monies or credit offered by any supplier based upon Franchisee's purchases. Any advertising or promotional monies or credits Franchisor collects from any supplier based upon Franchisee's purchases will not be credited toward Franchisee's required contribution to the Fund.

I. Franchisor may establish an advertising council of franchisees at its discretion. If established, the council will advise Franchisor on advertising policies, and Franchisees will elect the members of the council. The council will be advisory and have to operational or decision-making power. The council will operate under its own by-laws but Franchisor will have the right to change or dissolve the council.

J. Franchisor is not obligated to spend any amount on advertising in the geographical area where you are or will be located. Franchisor does not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other Franchisee directly, on a pro rata basis, or at all. Franchisor assumes no fiduciary or other duty to you or other direct or indirect liability or obligation to collect amounts due to the Marketing Fund or to maintain, direct or administer the Marketing Fund.

K. Franchisor will not use the Marketing Fund contributions for advertising that is principally a solicitation for the sale of franchises, but Franchisor reserves the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Marketing Fund.

11.2 Franchisee must participate in any local advertising, cooperative that Franchisor establishes or causes to be formed, if Franchisor requires Franchisee's participation. Such participation may involve, for example, paying a pro rata share of the cost of social media and/or online presence placed on behalf of Franchisee and other The Great American Barbershop Shops. Franchisee may not solicit business through the use of an 800 (or other toll-free) number, direct mail or other advertising method without Franchisor's prior written consent.

11.3 Franchisee must include in any significant display advertisements and in marketing materials for the Shop, in conformance with standards in the Operations Manual, a notice that the Shop is individually owned and operated. Subject to any legal restrictions, Franchisee also must display or make available, marketing materials that Franchisor may provide to Franchisee from time to time.

11.4 Franchisee acknowledges and agrees that Franchisor will own all rights to and interest in each telephone number and telephone directory listing used by Franchisee that is associated in any matter with Franchisee's Shop and/or with any Mark ("Telephone Listing"). Franchisee acknowledges and agrees that all goodwill arising from or in connection with the use of each Telephone Listing will inure to Franchisor's benefit. Promptly after the expiration, termination, repurchase or transfer of the franchise, and at Franchisee's own expense, Franchisee will notify all telephone companies with whom Franchisee has any Telephone Listing and direct them to transfer the Telephone Listing to Franchisor or to any person(s) Franchisor designates, and Franchisee will execute any and all documents necessary to complete these transfer (s).

11.5 Franchisee shall not maintain a World Wide Website ("Website") or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Shop without Franchisor's prior written approval, which Franchisor may withhold for any reason or for no reason. Franchisee will submit to Franchisor for approval before use, true and correct printout of all Website pages that Franchisee proposes to use in Franchisee's Website in connection with the Shop. Franchisee understand and agrees that Franchisor's right of approval or all such Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with Franchisor's Franchisee's Website shall conform to all of Franchisor's Website requirements, whether set forth in the Confidential Operations Manuals or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires. If Franchisor grants approval for a Website, Franchisee may not use any of the Marks at the site except as Franchisor expressly permits. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on Franchisee's Website without Franchisor's prior written consent. If Franchisee wishes to modify the approved site, all proposed modifications must also receive Franchisor's prior written approval. Franchisee explicitly understands that Franchisee may not post on Franchisee's Website any materials which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrighted texts, videos, blogs, vlogs, trademarks or service marks, or any other text or image in which any third party claim intellectual property ownership interests). Franchisee will list on Franchisee's Website any Website maintained by Franchisor, and any other information Franchisor requires in the manner Franchisor dictates. Franchisee agrees to obtain Franchisor's prior written approval for any interest domain name and/or home page address. The requirement for Franchisor's prior written approval set forth in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee may maintain one or more e-mail addresses and may conduct individual e-mail communication without Franchisor's prior approval as provided above if Franchisee proposes to send advertising to multiple addresses via e-mail.

communication without Franchisor's prior approval as provided above if Franchisee proposes to send advertising to multiple addresses via e-mail.

ARTICLE 12.

CONFIDENTIAL OPERATIONS MANUAL

AND FRANCHISE OPERATING SYSTEM (FOS)

12.1 Franchisor shall lend to Franchisee a confidential operations manual published by Franchisor (the "Confidential Operations Manual") and give Franchisee access to the electronic Franchise Operating System ("FOS"), which shall include, in part, the business procedures, technical advice, rules and regulations for operating the business.

12.2. Franchisee acknowledges and agrees that

A. The Confidential Operations Manual and FOS are, and shall remain, the property of Franchisor throughout the term of this Agreement, any renewal hereof and thereafter;

B. The Confidential Operations Manual and FOS contain confidential information which Franchisee will protect as a trade secret, and its loss will cause substantial damage to Franchisor and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

C. Franchisee shall not reprint or reproduce any portion of the Confidential Operations Manual and FOS for any reason; and

D. Upon termination of this Agreement for any reason, Franchisee will immediately return the Confidential Operations Manual to Franchisor and will not have further access to the FOS

12.3 Franchisor may add to or otherwise modify the Confidential Operations Manual and FOS from time to time, whenever it considers such additions or modifications desirable to improve or maintain the standards of the System and its efficient operation, or to protect or maintain the goodwill associated with the "The Great American Barbershop" name and Marks or to meet competition, provided such additions or modifications are systemwide in nature and do not substantially increase Franchisee's economic burden.

12.4 Franchisee and Franchisee's Manager but sign a Confidentiality and Non-Competition Agreement attached as Exhibit E to the Franchise Agreement.

ARTICLE 13.

RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

13.1 The relationship between Franchisor and Franchisee is strictly that of a franchisor and franchisee, and Franchisee shall be deemed to be an independent contractor. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee, joint venture, partnership, or agency, and any act or omission of either party shall not bind or obligate the other except as expressly set forth in this Agreement.

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

13.3 Except as expressly granted in this Agreement, Franchisee recognizes that nothing contained in this Agreement shall be construed as giving to Franchisee or to any other person or entity, any right or interest in Franchisor's names, Marks, trade secrets, method, procedures, or techniques, developed by Franchisor and used in the System. Further, except as specifically set forth in Article 1 above, nothing contained in this Agreement shall be construed as limiting Franchisor's right, title or interest in the "The Great American Barbershop" name, Marks, trade secrets, methods, procedures and techniques which are a part of the System or Franchisor's sole and exclusive right to register trade secrets, methods, procedures and techniques.

13.4 In all public records and prominently displayed in Franchisee's Shop and in Franchisee's relationship with third parties, as well as on letterheads and business forms, Franchisee shall indicate clearly the independent ownership of Franchisee's Shop, and that the operations of same are separate and distinct from the operation of Franchisor's business. Franchisee must make a sign or other notice that clearly states "This The Great American Barbershop establishment is independently owned and operated as a franchise by XXXXX (owner)." Franchisor shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

13.5 Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Shop or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

13.6 Franchisee shall defend, indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Shop.

ARTICLE 14.

COVENANTS NOT TO COMPETE

14.1. During the term of this Agreement, or any extension thereof, neither Franchisee, nor any partner, if Franchisee is a partnership, nor any shareholder, if Franchisee is a corporation, shall either directly or indirectly for himself or herself or on behalf of, or in conjunction with any other person, persons, partnership, association or corporation, own, maintain, engage in, participate or have any interest in the operation of any enterprise which is the same or substantially similar to The Great American Barbershop Shop franchise, or any other business which distributes, produces or sells the services (where the cumulative sales of such services comprises at least 50% of total sales of such business), provided that this prohibition should not apply to the ownership by Franchisee of additional The Great American Barbershop Shops.

14.2 For a period of five (5) years following termination, expiration, or non-renewal of this Agreement, except where the termination occurs due to the fault or action of Franchisor and not due to default of Franchisee or any partner, if Franchisee is a partnership, or any shareholder, if Franchisee is a corporation, Franchisee shall not, except with respect to the ownership or operation by Franchisee of additional Shops:

A. Engage, employ or compensate or seek to employ any person who is at that time engaged, operating or employed by or at any other Shops, or to otherwise directly or indirectly induce such person to leave employment at any Shop;

B. Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any enterprise which directly or indirectly competes with or is the same or substantially similar to the franchise covered by this Agreement, or which distributes, produces or sells the Products within the "Minimum Area of Competition". The "Minimum Area of Competition" shall be deemed to be that area which is within a radius of twenty (20) miles from Franchisee's Shop, or any other Shop in operation on the effective date of termination or expiration, whether franchised or company-owned.

14.3 If Franchisee fails or refuses to comply with any covenants of this Article, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance, or make the provisions unenforceable in whole or in part, and provided that the juris diction in which Franchisee's Shop is located permits, Franchisee separately covenants and agrees that while this Agreement is in effect and for five (5) years after its termination, except where termination occurs due to the fault or action of Franchisor and not due to default of Franchisee, Franchisor shall have the right to require that all sales made in operation of any business which directly or indirectly competes with: (a) Franchisor; (b) a Shop; or (c) the System, or which provides services (i) anywhere, if this Agreement is then in effect, or (ii) within the Minimum Area of Competition, if this Agreement has been terminated, shall be reported to Franchisor. Franchisee agrees to pay Franchisor upon demand, the weekly fee of Five Hundred Dollars ($500) at the times and in the manner specified in Article 2 above, all without being deemed to review, modify or expand this Agreement. The covenants of this Article shall survive the termination or expiration of this Agreement.

14.4 Franchisee shall not, during the term of this Agreement or after its termination or non-renewal communicate or divulge to any other person, persons, partnership or corporation, any information or knowledge concerning the methods of operation used in the Shop, nor shall Franchisee disclose or divulge, in whole or in part, any trade secrets of Franchisor or its affiliated companies or subsidiaries.

14.5 The covenants contained in Sections 14.2, 14.3, and 14.4 above shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappeased final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article.

14.6 Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this paragraph, the damage to Franchisor would be difficult to ascertain. In addition to the liquidated damages payable to Franchisor as provided below for the breach of any or all of the above covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any of those covenants, together with reasonable attorneys' fees and costs.

14.7 Covenants contained in this Article shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained in this Agreement and shall not affect any other provisions or terms of this Agreement.

14.8 Franchisee and Franchisee's Manager must sign a Confidentiality and Non-Competition Agreement, attached as Exhibit E to the Franchise Agreement.

ARTICLE 15.

TRANSFER OF FRANCHISE

15.1 Franchisee may not acquire a franchise for the Shop for the purpose of transferring the franchise or business to be established thereunder. Subject to Paragraph 15.6, following the opening of the Shop, Franchisee may pledge or assign its interest in this Agreement or business conducted hereunder, whether voluntarily, involuntarily or by operation of law, only with Franchisor's prior written consent. Franchisee shall pay the transfer and training fee described in Paragraph 15.3 and all individuals with a 10% percent or greater interest in the franchise shall execute the Franchisor's form of general release in favor of Franchisor. In addition, the proposed assignee shall personally guarantee performance of the Franchise Agreement on Franchisor's form of guaranty. At Franchisor's option, the proposed assignee will execute and deliver to Franchisor three copies of Franchisor's then-current standard form of Franchise Agreement covering the Shop, but without payment of the initial franchise fee. Assignment of this Agreement, even with Franchisor's consent, does not relieve Franchisee or its guarantors of liability to Franchisor for performance of Franchisee's obligations under this Agreement and of the assignee to Franchisor in respect to the Shop and relating to the period before and for 5 year(s) after the assignment. If you wish to transfer your interests for any other reason, you must pay an administrative fee of $5,000 to cover our expenses for transfer

15.2 If Franchisee is a corporation, partnership or other entity, any transfer (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions, (i) of a 1% percent or greater equity interest, (ii) of a controlling interest or creating a controlling interest in Franchisee, or (iii) of an interest in Franchisee to the public, is an "assignment" within the meaning of this Article:

A. Franchisee shall apply for consent to an assignment on Franchisor's form, accompanied by the transfer fee described in Paragraph 15.3, and the proposed purchase or other assignment agreement signed by the parties thereto.

B. Franchisor's consent shall not be unreasonably withheld if (i) the proposed assignee in Franchisor's reasonable judgment is personally and financially qualified to operate the Shop; (ii) the proposed assignee meets Franchisor's then-current criteria for expansion if assignee is an existing franchisee, or Franchisor's then-current qualification criteria if assignee is not currently a franchisee; and (iii) the proposed assignee will devote best efforts to management of the business, and can communicate, in English and other languages in common usage in the Shop's trade area, with Franchisor and with Franchisee's customers, suppliers and employees. Franchisor may confer with proposed assignees regarding the proposed assignment or the business conducted under this Agreement, without liability to Franchisee except for intentional misstatements.

C. Such corporation is newly organized and its activities and corporate purposes are confined exclusively to acting as a Shop franchised under this Agreement;

D. All stock certificates of such corporations bear a legend substantially in the following form which shall be printed legibly and conspicuously on the front of each such stock certificate:

> **"The transfer of this stock certificate is subject to the terms and conditions of a certain Franchise Agreement, entered into with The Great American Barbershop Franchise, Inc., dated _____, 20___."**

15.3 Franchisee shall pay a transfer fee of Fifteen Thousand ($15,000) upon submitting a request for consent to the proposed assignment. If the assignee is Franchisee's spouse, Shop manager, or another The Great American Barbershop franchisee in good standing, who is not required to complete Franchisor's training program under Article 6, the fee is reduced to Ten Thousand Dollars ($10,000). The transfer fee in any case may be adjusted in proportion to annual changes in the Consumer Price Index-All Urban Consumers (or its successor index) from the date of this Agreement published by the U.S. Department of Labor. If Franchisor withholds its consent to a proposed assignment, it shall refund the transfer and training fee without interest, less its costs in connection with the proposed assignment. The transfer and training fee is not otherwise refundable. No fee is due (i) on an assignment solely to a corporation or trust owned and controlled solely by Franchisee or by Franchisee's spouse; (ii) if the assignment is wholly between persons who are already shareholders (or other equity owners) of the Shop; (iii) if Franchisor exercises its right of first refusal as described herein. As a further condition to any assignment, Franchisee shall execute a general release in favor of Franchisor in the form prescribed by Franchisor. Franchisee and all current and future shareholders or equity owners of a 10% percent or greater interest in a proposed corporate or other entity that is Franchisee shall personally guarantee performance of the Franchise Agreement on the form of guaranty designated by Franchisor.

15.4 Franchisor may further condition its consent to any proposed assignment upon the following (i) all current liabilities of Franchisee shall be paid in full; (ii) Franchisee shall complete at Franchisee's expense reasonable refurbishing and repair of the Shop and its fixtures, furnishings, grounds and signs as Franchisor may prescribe to conform to then-current System standards; (iii) Franchisee and all current and future shareholders or equity owners of a 10% percent or greater interest in the Shop or in a proposed corporate or other entity that will become the new Franchisee as a result of the proposed assignment shall personally guarantee performance of this Agreement on Franchisor's form of guaranty. The proposed assignee must successfully complete Franchisor's training program within the time frame established by Franchisor unless the assignee is Franchisee's spouse, manager of the Shop, or another qualified franchisee, who in Franchisor's judgment has had substantial shop management experience.

15.5 In the event of the death, disability or incapacity of any individual franchisee or principal officer or director of an incorporated franchisee, or principal managing member of a limited liability Franchisor, or partner in a partnership franchisee, should the decedent's executor, heir or legal representative, wish to continue as Franchisee, such person must apply for Franchisor's consent to transfer this Agreement and (except where the successor is Franchisee's spouse) pay the applicable transfer and training fee.

In order to prevent any interruption of the Shop operations which would cause harm to the Shop, thereby depreciating its value, if Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Shop, Franchisee authorizes Franchisor, who may, at its option, operate the Shop for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. Notwithstanding the above, the period during which the Franchisor is operating the Franchisee's business will not exceed 120 days, unless circumstances require continued operation by Franchisor in order to allow Franchisee's estate or family to ascertain a substitute Franchisee, and in such situation, the period will not exceed 1 year. All monies from the operation of the Shop during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Shop, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. If, as provided in this Article, Franchisor temporarily operates the Shop for Franchisee, Franchisee will indemnify and hold harmless Franchisor and any representative of Franchisor who may act under this Agreement, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

15.6 If Franchisee desires to sell or otherwise dispose of all or part of its interest in the franchise, Franchisee shall first offer the proposed assignment to Franchisor. Franchisee shall give Franchisor a statement, signed by the proposed assignee and by Franchisee, of all the terms of the offer.

Franchisor has 60 days to accept the offer, by written notice to Franchisee, on the price (or cash equivalent) and terms of the third party offer. This paragraph does not apply to (i) assignments wholly between persons who are already shareholders or other equity owners of Franchisee, and (ii) assignments to Franchisee's spouse or a corporation owned and controlled solely by Franchisee or Franchisee's spouse.

15.7 If the Authorized Location is lost through condemnation, loss of lease, fire or other casualty, Franchisee may identify a location within three-quarters of a mile of the Authorized Location. Franchisee must apply for Franchisor's consent to relocate to the new site and execute a general release in favor of Franchisor, in the form prescribed by Franchisor. Franchisor will consent to or reject Franchisee's relocation application in accordance with its then-current relocation and closure policy.

15.8 Franchisor shall have the right, without the need for Franchisee's consent to assign, transfer, or sell its rights under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor in this Agreement and Franchisee receives a statement from both Franchisor and its transferee to that effect. Upon such assignment and assumption, Franchisor shall be under no future obligation hereunder, except for accrued liabilities, if any. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of The Great American Barbershop Franchise, Inc. as Franchisor under this Agreement.

Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee acknowledges and agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business's facilities, and to operate, franchise or license those businesses and/or facilities as The Great American Barbershop Franchise, Inc. Shops operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be near to any of Franchisee's locations.

If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the "The Great American Barbershop" business or to offer or sell any products or services to Franchisee.

15.9 Franchisor may transfer its interest in this Agreement, directly or indirectly, by merger, assignment, pledge or other means without limitation.

ARTICLE 16

TERMINATION

16.1 Providing that Franchisee does not cure any default within the timeframe or otherwise as indicated in section 16.2 below, Franchisor may terminate this Agreement upon the occurrence of any of the following events of default:

A. Failure by Franchisee to make complete and timely payment of any and all fees and billings due Franchisor or any of its subsidiary or affiliated corporations;

B. Failure to comply with the reporting or record keeping requirements of this Agreement, and/or the under-reporting of Gross Sales by two percent (2%) or more;

C. The misstatement by Franchisee of any material fact, or failure to disclose or the understatement of any material fact in any report furnished to Franchisor pursuant to this Agreement or the Confidential Operations Manual, whether or not such misstatement or failure to disclose or understatement is intentional;

D. A breach by Franchisee of any provision of this Agreement, any material provision of the Confidential Operations Manual, or any other agreement between Franchisor and Franchisee or any of its subsidiary or affiliated corporations;

E. Failure by Franchisee to make good faith efforts to carry out the provisions of this Agreement;

F. Franchisee's engaging in any conduct or practice that, in the reasonable opinion of Franchisor, is detrimental or harmful to the good name, goodwill or reputation of Franchisor or its products or other franchisees or the public;

G. Franchisee's engaging in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;

H. Any pledge or attempted pledge of Franchisor's credit by Franchisee, or an attempt by Franchisee to bind Franchisor to any obligation;

I. Failure by Franchisee to participate in the advertising, promotional, or marketing activities, services, and programs that are established by Franchisor or Franchisor's Fund;

J. Unauthorized or improper use by Franchisee of Franchisor's Marks;

K. Misuse or unauthorized disclosure by Franchisee of the Confidential Operations

Manual, information or materials;

L. Failure to open Franchisee's Shop at the location designated by Franchisee within the time specified in the lease or sublease;

M. Failure to correct any local, state or municipal healthy or sanitation law or code violation within twenty-four (24) hours after being cited for such violation; or

16.2 To terminate Franchisee for default of this Agreement pursuant to Section 16.1 above, Franchisor shall first provide Franchisee with written notice of termination, which notice shall specify the reason for and the Effective Date of Termination. This Agreement shall terminate on the date specified in the notice, which shall not be less than thirty (30) days from the date of the notice (or such longer period as provided by State law), unless:

A. Franchisee cures the default or reason for termination during the notice

B. Franchisee has in good faith initiated a cure of the default or reason for termination within the notice period, and such default or reason cannot be completely cured during the notice period because of factors reasonably beyond the exclusive control of Franchisee, in which event Franchisor, by notice, shall permit Franchisee a reasonable opportunity, in light of such factors, to effect a complete cure; or

C. The provisions of Subsection 16.2 A and B notwithstanding, this Agreement shall nonetheless terminate if: (1) the default or reason for termination has been set forth in two (2) prior notices of termination within any prior twelve (12) month period; or your failure, refusal or neglect to pay to us when due any amounts owed to the Franchisor under the Franchise Agreement; (ii) your failure to furnish us with required reports or information; (iii) your failure to develop your Shops in compliance with The Great American Barbershop System and the Franchise Agreement; (iv) your failure, for a 10-day period after your receipt of notice, to comply with laws applicable to your Shops; (v) your attempted transfer in violation of Section 15.1 of the Franchise Agreement; (vi) your failure to comply with any of your obligations under the Franchise Agreement; (vii) your divulging of any Trade Secrets or Confidential Information; or (viii) your breach of another agreement with us.

16.3 Subject to Federal and state laws, upon written notice to Franchisee, Franchisor may, without right to cure, immediately terminate this Agreement if any of the following events of default occur:

A. Any action by Franchisee, any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors or stockholders, if Franchisee is a corporation, which results in:

i. An affirmative act of insolvency;

ii. An assignment for the benefit of creditors; or

iii. The filing of a petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors, except with respect to any relief permitted under the Federal Bankruptcy Code.

B. The filing of any involuntary petition under any bankruptcy statute against Franchisee, any of its partners, or any of its stockholders owning at least twenty-five (25%) percent of any class of stock, or the appointment of any receiver or trustee to take possession of property of Franchisee, any of its partners, or any of its stockholders owning at least twenty-five (25%) percent of any class of stock of Franchisee;

C. Failure by Franchisee to satisfy fully a civil judgment obtained against Franchisee for a period of more than thirty (30) days after all rights of appeal have been exhausted, or execution of such a judgment, execution of a lien, or foreclosure by a secured party or mortgage against Franchisee's property, which judgment, execution of a lien, or foreclosure by a secured party or mortgage would have an adverse or detrimental effect upon Franchisee's franchised operation;

D. Conviction of Franchisee, or any partner of Franchisee, or any officer, director, or stockholder owning at least twenty□five (25%) percent of any class of stock of Franchisee, or the manager of Franchisee's franchise, of any crime which in the opinion of Franchisor would adversely affect the goodwill or interest of Franchisee or Franchisee's Shop;

E. The uncured default by Franchisee under any lease or sublease of Franchisee's Shop which could possibly result in the loss by Franchisee of the right to possess for any reason whatsoever;

F. A final judgment or the un-appealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of Franchisee's business or is required under applicable law;

G. The direct or indirect assignment, transfer, sale or encumbrance by Franchisee of this Agreement or franchise or any of Franchisee's rights or privileges contrary to this Agreement, or any attempt by Franchisee to sell, assign, transfer or encumber the Shop contrary to the terms of this Agreement;

H. Failure by Franchisee to remain open for business as required by this Agreement or as may be required by the Confidential Operating Manual, as may be limited by local law or the prime landlord, or the abandonment or vacating by Franchisee of Franchisee's Shop or for three (3) more consecutive days (or for such other period as would be grounds for termination of Franchisee's sublease); or

I. Dissolution, judicial or otherwise, or liquidation of Franchisee, if Franchisee is a corporation or partnership.

ARTICLE I7

RIGHTS AND DUTIES OF THE PARTIES

UPON EXPIRATION OR TERMINATION

17.1 For the purpose of this Agreement, the "Effective Date of Termination" shall be the date indicated in any notice of termination sent pursuant to Section 17.2 or 17.3 of this Agreement or the day after the Initial Term, as set forth in Section 4.1 of this Agreement.

17.2 Upon the Effective Date of Termination, Franchisee shall no longer be an authorized franchisee, and Franchisee shall pay all sums of money due Franchisor or any of its subsidiary or affiliated corporations within fifteen (15) days of the Effective Date of Termination, unless Franc hisor gives written notice of an extension of this period.

17.3 Upon the Effective Date of Termination, Franchisee shall discontinue the use of all Marks owned by or associated with Franchisor and all similar names and marks, or any other designation or mark associating Franchisee with the System. If Franchisee is a corporation or par tnership and, notwithstanding the prohibition of utilizing the "The Great American Barbershop" name in its corporate or partnership name, has used the or partnership name, has used the " The Great American Barbershop " name or any names, marks or designations that associate Franchisee with Franchisor in its corporate or partnership name, Franchisee shall, within fifteen (15) days of the Effective Date of Termination, take all necessary steps to eliminate "The Great American Barbershop " from its corporate or partnership name, at Franchisee's own cost and expense.

17.4 Upon the Effective Date of Termination, Franchisee shall cease displaying and using all signs, stationery, letterheads, forms, manuals, printed matter, advertising, and other material containing the Marks, "The Great American Barbershop" or any other names, marks, or designations that associate Franchisee with the System.

17.5 After the Effective Date of Term Franchisee shall not take any action indicating or implying that Franchisee is an authorized franchisee.

17.6 Franchisee shall maintain all financial records and reports required pursuant to this Agreement or the Operations Manual for a period of not less than three (3) years after the Effective Date of Termination. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records at any time in the three (3) year period following the Effective Date of Termination.

17.7 Upon the Effective Date of Termination, Franchisee shall, pursuant to the lease or sublease or conditional lease assignment and upon demand of Franchisor, vacate and surrender the Shop premises in accordance with the terms and conditions under the terms of the lease, sublease and/or conditional lease assignment.

17.8 Upon the Effective Date of Termination, Franchisee shall cease all use of telephone number, social media and any online presence used by Franchisee while conducting business as a "The Great American Barbershop" franchise and shall promptly execute such documents or take such steps necessary to remove Franchisee's listing as a " The Great American Barbershop " franchise from all telephone directories, social media, any online presence, and all other trade or other business directories.

17.9 Within fifteen (15) days from the Effective Date of Termination of this Agreement, Franchisee shall immediately turn over to Franchisor all manual, including the Operations Manual, records, files, correspondence, any and all materials relating to the operation of the Franchised Business in Franchisee's possession, and all copies of such written materials (all of which are acknowledged to be Franchisor's property), and shall retain no copy of any of the foregoing except only Franchisee's copy of this Agreement, and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law and the records described in Section 17.6 above.

17.10 If Franchisor notifies Franchisee of its intent to do so within ten (10) days after the Effective Date of Termination, Franchisor shall have the right (but not the duty) to purchase any or all of the signs, advertising material, supplies, equipment and any items bearing Franchisor's Marks at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on fair m arket value within a reasonable time, each party shall designate an independent qualified appraiser, and their joint determination shall be binding on both parties. If these appraisers are unable to agree upon a fair market value, they will designate a third, approved appraiser whose determination shall be binding upon both parties. If Franchisor elects to exercise its option to purchas e, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

17.11 No right or remedy conferred upon or reserved to Franchisor in this Agreement is exclusive of any other right or remedy contained in this Agreement, or provided or permitted by law or equity, but each shall be cumulative of every other right or remedy.

17.12 Nothing contained in this Agreement shall be deemed to relieve Franchisee of any obligations or responsibilities or liabilities incurred by Franchisee during the term of this Agreement or any renewal term, or Franchisee's lease or sublease and which obligations, responsibilities, or liabilities shall survive the termination, expiration or non-renewal of this Agreement, Franchisee's lease or sublease.

17.13 All rights licensed herein, and Franchisee's interest herein, automatically revert to Franchisor. The franchise recognizes no goodwill of Franchisee in the franchised business, and all goodwill associated with the Marks becomes the exclusive property of Franchisor;

17.14 Franchisee shall cease all use of the Marks, any materials containing the Marks and any other confusingly similar name or mark.

ARTICLE 18.

RESOLUTION OF DISPUTES

18.1 Except as provided below, any dispute concerning, under, or in connection with this Agreement or the business conducted hereunder shall be submitted to binding arbitration by the American Arbitration Association in Fresno County, California.

18.2. IF ANY PARTY IS REQUIRED TO EMPLOY LEGAL COUNSEL OR TO INCUR OTHER REASONABLE EXPENSES TO ENFORCE ANY OBLIGATION OF ANOTHER PARTY, OR TO DEFEND AGAINST ANY CLAIM, DEMAND, ACTION, OR PROCEEDING BY REASON OF ANOTHER PARTY'S FAILURE TO PERFORM ANY OBLIGATION IMPOSED UPON SUCH PARTY BY THIS AGREEMENT, THEN THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY THE AMOUNT OF ALL REASONABLE ATTORNEY'S FEES OF SUCH COUNSEL AND ALL OTHER EXPENSES REASONABLY INCURRED IN ENFORCING SUCH OBLIGATION OR IN DEFENDING AGAINST SUCH CLAIM, DEMAND, ACTION, OR PROCEEDING, WHETHER INCURRED PRIOR TO OR IN PREPRATION FOR OR COMTEMPLATION OF THE FILING OF SUCH ACTION OR THEREAFTER.

18.3 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED BETWEEN THEM SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION IN ACCORDACE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION. ARBITRATION SHALL TAKE PLACE IN FRESNO COUNTY, CALIFORNIA BEFORE A SINGLE ARBITRATOR.

18.4 JUDGMENT UPON ANY AWARD OF THE ARBITRATORS SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATOR SHAL INCLUDE THE COSTS OF ARBITRATION, INCLUDING ARBITRATORS COMPENSATION AND REASONABLE ATTORNEYS' FEES.

18.5 NOTHING IN THIS AGREEMENT SHALL BAR EITHER PARTY FROM SEEKING AND OBTAINING TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH THIS ARTICLE IN ACCORDANCE WITH

APPLICABLE LAW AGAINST THREATENED CONSULT THAT WILL, IN SUCH PARTY'S DISCRETION, CAUSE SUCH PARTY LOSS OR DAMAGE.

18.6 THE PARTIES INTEND THAT ANY ARBITRATION BETWEEN FRANCHISEE AND FRANCHISOR REGARDING A CLAIM OF FRANCHISEE SHALL BE OF FRANCHISEE'S A CLASS-WIDE BASIS.

18.7 FRANCHISEE SHALL NOT ASSET ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

18.8 Except as provided herein, upon a breach or threatened breach of this Agreement by Franchisee, Franchisor is entitled to an injunction restraining such breach and to a decree of specific performance, pending arbitration or other adjudication, without bond and without regard to the adequacy of Franchisor's legal remedies. Interim equitable relief is in addition to other remedies or rights Franchisor may have. The parties intend each provision of this Agreement to be honored, carried out and enforced as written. Consequently, any provision of this Agreement sought to be enforced shall, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance, or other appropriate equitable remedy. The venue of any legal proceeding concerning this Agreement or the relationship between the parties and any matters relating thereto, must be exclusively and solely in federal or state court in California. Franchisee consents to jurisdiction in any such action.

18.9 Franchisor may commence a civil action against Franchisee to collect sums of money due to Franchisor or to protect or enforce its rights in or under the Marks.

18.10 The prevailing party shall recover its costs in obtaining relief under this Agreement including its reasonable attorney's fees.

ARTICLE 19.

ENTIRE AGREEMENT

This Agreement, together with the Area Development Agreement, if applicable, and any other Franchise Agreements thereunder, constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with its subject matter. In the event of any conflict between the terms of this Agreement and the terms of the Area Development Agreement, if applicable, or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

ARTICLE 20.

JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one (1) person, their liability under this Agreement shall be deemed to be joint and severally liable.

ARTICLE 21

SECURITY INTEREST

Franchisee grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located or used in connection with the Shop, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisor's security interest will be subject to any purchase money security interest on the assets. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the address of Franchisee and Franchisor are set forth in Article 30 of this Agreement. If Franchisee is in good standing, Franchisor will, upon request, execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Shop.

ARTICLE 22

INJUNCTIVE RELIEF

22.1 In Franchisee is in default, except for default with respect to monies required to be paid by Franchisee to Franchisor, under any provisions of this Agreement, Franchisor shall be entitled, at Franchisor's discretion when appropriate and necessary, to seek a permanent injunction and any preliminary or temporary equitable relief in order to restrain the violation of this Agreement by Franchisee or any person acting for Franchisee or on Franchisee's behalf. Franchisor shall be entitled to its reasonable attorneys' fees and courts costs in connection with taking such action or in connection with any other remedy sought by Franchisor, provided Franchisor is the prevailing party. The remedy shall be cumulative to any other remedy available to Franchisor.

22.2 Franchisee agrees that it may be impossible to measure in money the damages, which Franchisor will sustain in the event of Franchisee's breach of this Agreement and, therefore, in the event Franchisor institutes injunctive proceedings under this Article, Franchisees waives the defense that Franchisor has an adequate remedy at law.

ARTICLE 23

RISK OF OPERATIONS

FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES AND RISKS OF THIS BUSINESS, AND, THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTEES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR OR BY ANYONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT IT, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, OR THE DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE SHOP. FRANCHISEE HER EBY ACKNOWLEDGES THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE. FRANCHISEE RELEASES FRANCHISOR, ITS SUBSIDIARY OR AFFILIATED CORPORATIONS, OFFICERS, DIRECTORS, AFFILIATES AND EMPLOYEES FROM ANY CLAIMS, SUITS AND LIABILITY RELATING TO THE OPERATION OF FRANCHISEE'S SHOP INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS.

ARTICLE 24

OTHER OBLIGATIONS

Nothing contained in this Agreement shall inhibit or limit the unrestricted right of Franchi sor to enter into or engage in any business or in the sale itself, or the licensing to others for the sale of proprietary hair and grooming services, other than the limitations imposed upon Franchisor by Article I above; Franchisee shall have no rights, benefits or entitlement with respect thereto.

ARTICLE 25

FORCE MAJEURE

Neither party shall be responsible to the other for nonperformance or delay in performance occasioned by causes beyond its control, including without limitation, the generality of the foregoing acts or omission of other party, acts of civil or military authority, strikes, lockouts, embargoes, insurrections or acts of God, inability of Franchisor to purchase, deliver and/or manufacture of any of the proprietary hair care and grooming products, provided that inability of a party to obtain funds shall be deemed to be cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay.

ARTICLE 26

WAIVER OF VIOLATION OR DEFAULT

Waiver by Franchisor of any violation or default hereunder shall not alter or impair Franchisor's right with respect to any subsequent violation or default, nor shall any delay or omission on the part of Franchisor to exercise any right arising from such violation of default alter or impair Franchisor's rights as to the same or any future violation or default. An acceptance by Franchisor of any payment from Franchisee after the date on which such payment is due shall not operate as a waiver of Franchisee's default or violation hereunder, nor alter or impair Franchisor's rights with respect to such violation or default.

ARTICLE 27

FRANCHISEE

27.1 Franchisee. The term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law, and shall be deemed to include not only the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement, but shall also include partners of the entity that execute this Agreement in the event the entity is a partnership, and all shareholders, officers and directors of the entity that execute this Agreement in the event the entity is a corporation. By their signatures to this Agreement, all partners, shareholders, officers and directors of the entity that signs this Agreement as Franchisee acknowledge and accept, jointly and severally, the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the neuter and masculine usages include the other and the feminine.

27.2 Franchisee shall list below and certify to Franchisor (I) the name, mailing address and equity interest of each person holding any shares or other form of ownership, or security or other interest convertible into an equity interest in Franchisee, showing the percentage of shares or units held by each and (ii) the name and mailing address of the individual(s) who will be the principal franchisee-operator(s) (the "Designated Operator(s)") of the business franchised in this Agreement. There may be up to two such Designated Operators but only one address to which Franchisor communicates in regard to the franchise.

The Designated Operator(s) named shall have the authority to act for Franchisee in all matters regarding the Shop, including voting responsibilities. Franchisee shall promptly notify Franchisor of any change in any information required by this paragraph. Any change in the Designated Operator(s) or in the shareholder information is subject to Article 6 and the training requirements of this Agreement: Franchisee is a(n) ____________________, organized under the laws of California, or an individual or group of individuals, and hereby represents and warrants that the information stated below is true and accurate as of the date set forth below:

Shareholder, Partner or	Percentage of Ownership
Individual Name or Address	Interest
____	
Designated Operator(s):	
____	
Address: ____________________ ____	

ARTICLE 28

APPLICABLE LAW AND VENUE

28.1 Any and all matters of dispute between the parties to this Agreement, whether arising from the Agreement itself or arising from alleged extra contractual facts prior to, during, or subsequent to the Agreement, including, without limitation, fraud, misrepresentation, negligence or any other alleged tort or violation of the contract, shall be governed by, construed and enforced in accordance with the laws of the State of California, not including its conflicts of laws rules but including its statutes of limitations, regardless of the legal theory upon which such matter is asserted.

28.2 The parties agree to waive, now and forever, any and all rights either may have under the federal RICO statute.

ARTICLE 29

INTEGRATION, INTERPRETATION, AND CONSTRUCTION

29.1 The parties intend this statement of their agreement to constitute the complete, exclusive and fully integrated statement of their agreement except for representation made in the Franchise Disclosure Document or in its exhibits or amendments furnished by Franchisor to Franchisee. The parties also intend that this statement of their agreement may not be supplemented, explained, or interpreted by any evidence of trade usage or course of dealing. NOTHING IN THIS OR IN ANY RELATED AGREEMENT, HOWEVER, IS INTENDED TO DISCLAIM THE REPRESENTATIONS FRANCHISOR MADE IN THE FRANCHISE DISCLOSURE DOCUMENT WE FURNISHED TO YOU. Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation of Franchisor's franchised business and not as a result of any representations about Franchisor made by Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

29.2 If Franchisor leases or subleases the Shop premises to Franchisee, the lease or sublease shall be a separate legally operative document, and it shall govern the landlord-tenant relationship, if any, between the parties. The lease, and this Agreement shall be construed consistently, but this Agreement governs any inconsistency.

29.3 Paragraph captions do not alter the terms of this Agreement. Pronouns shall be deemed to be of such number or gender as may be relevant in the context.

29.4 All rights and remedies provided herein or by law are cumulative and not mutually exclusive.

29.5 Except as provided herein, any provision of this Agreement held by a court to be unenforceable shall be severed from this Agreement, but the remainder of this Agreement shall remain in effect.

29.6 This Agreement shall be executed in two or more counterparts, and each copy so executed shall be deemed a duplicate original.

29.7 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision.

ARTICLE 30

NOTICE

Notices under this Agreement are given when delivered or three (3) business days after being sent by certified mail, overnight express, facsimile transmission or courier service, addressed to Franchisor, at its head office or to Franchisee, at the Authorized Location, or to such other address as may have been specified by notice.

The Franchisor's Address is: 1952 N. Mcarthur Avenue, Clovis, CA 93619

The Franchisee's Address is: ______________________________

ARTICLE 31

ACKNOWLEDGMENT

31.1 FRANCHISEE HAS REVIEWED THIS AGREEMENT, FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, AND OTHER INFORMATION FRANCHISEE DEEMS RELEVANT WITH AN INDEPENDENT LEGAL OR BUSINESS ADVISOR. FRANCHISEE HAS RELIED UPON NO FACTS, PROMISES, ASSURANCES, REPRESENTATIONS OR CIRCUMSTANCES OTHER THAN THE CONTENTS OF THIS AGREEMENT, FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISEE'S OWN INDEPENDENT INVESTIGATION AND THE ADVICE OF FRANCHISEE'S OWN INDEPENDENT PROFESSIONAL BUSINESS ADVISORS IN DECIDING TO ENTER INTO THIS AGREEMENT.

31.2 FRANCHISEE ACKNOWLEDGES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, AND THAT FRANCHISEE'S SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISE ACKNOWELDGES THAT FRANCHISEE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

31.3 FRANCHISEE ACKNOWELDGES THAT FRANCHISEE HAS RECEIVED A COMPLETE OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENTS, THIS AGREEMENT, THE EXHIBITS REFERRED TO IN THIS AGREEMENT, AND ANY OTHER AGREEMENTS RELATING HERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

31.4 FRANCHISEE ACKNOWLEDGES AND IS AWARE OF THE FACT THAT SOME FRANCHISES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFERENT MATERIALLY IN CERTAIN CIRCUMSTANCES.

INTENDING TO BE LEGALLY BOUND, the parties have executed this Agreement on the dates set forth below to be effective upon execution by Franchisor.

FRANCHISOR:

____

By: ______________________

FRANCHISEE:

____

By: ______________________

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "A"

LOCATION AND TERRITORY

Franchisee's Location and Territory shall be as follows:

____

____

____

____

____

____

____

FRANCHISOR

By: ______________________________

FRANCHISEE

By: ______________________________

Franchisee

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "B"

GUARANTEE OF PERFORMANCE

The undersigned ("Guarantors"), the sole shareholders of ____________________, hereby request The Great American Barbershop Franchise, Inc., a California corporation ("Company") to execute a Franchise Agreement and certain ancillary documents with Franchisee which may include, without limitation, real property lease(s) or sublease(s), equipment lease(s) or sublease(s), promissory note(s), and other agreements which may now or hereafter be entered into between Franchisee and Company in connection with the foregoing (the "Agreements"), all in connection with The Great American Barbershop Franchise, Inc., business at ____. In consideration of Company's entering into such Agreements, Guarantors hereby agree as follows:

1. The word "Indebtedness" herein means and includes any and all obligations of Franchisee arising under or pursuant to the Agreements, and all other obligations, whether now existing or hereafter arising, of Franchisee to Company of whatever nature.

2. Guarantors promise to pay to Company or to Company's order any and all Indebtedness of Franchisee to Company and to perform any and all obligations of Franchisee including, without limitation, obligations under the Agreements or any other agreement, instrument or lease relating to, evidencing or securing any Indebtedness.

3. No exercise or non-exercise by Company of any right hereunder, no dealing by Manufacturer with Franchisee or any other person, and no change, impairment or suspension of any right or remedy of Company shall in any way affect any Indebtedness of Guarantors hereunder or give Guarantors any recourse against Franchisee.

4. Guarantors waive and agree not to assert or take advantage of (a) any right to require Company to proceed against Franchisee or any other person, firm or corporation or to proceed against or exhaust any security held by Company at any time or to pursue any other remedy in Company's power; (b) any statute of limitations in any action hereunder to collect any Indebtedness guaranteed hereby; (c) any defense that may arise by reason of Franchisee's incapacity, lack of authority, insolvency or bankruptcy or Company's failure to file or enforce a claim against the estate (either in bankruptcy, or other proceeding) of Franchisee, any other or others; (d) demand, protest and notice of any kind including, without limitation, notice of the existence, creation or incurring of new or additional Indebtedness or obligations or of any action or non-action on the part of Franchisee, Company, any endorser, creditor of Franchisee or Guarantor under this or

any other instrument, or any other person, in connection with any obligation or evidence of Indebtedness held by Company or in connection with any Indebtedness hereby guaranteed; (e) any defense based upon an election of remedies by Company including, without limitation, an election to proceed by non-judicial rather than judicial foreclosure, which election destroys or otherwise impairs subrogation and/or other rights of Guarantors or the right of Guarantors to proceed against Franchisee for reimbursement, or both; and (f) any duty of Company to disclose to Guarantors any facts that Company may now or hereafter know about Franchisee, regardless of whether Company has reason to believe that any such facts materially increase the risk beyond that which Guarantors intend to assume or has reason to believe that such facts are unknown to Guarantors or has a reasonable opportunity to communicate such facts to Guarantors, it being understood and agreed that Guarantors are responsible to be and to keep informed of Franchisee's financial condition and of all circumstances bearing on the risk of nonpayment of any Indebtedness hereby guaranteed.

5. Until all Indebtedness to Company is paid in full and all Franchisee's obligations to Company are fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Company now has or may hereafter have against Franchisee.

6. All existing or future Indebtedness of Franchisee to Guarantors and, any right to withdraw any capital of Guarantor invested in Franchisee, is hereby subordinated to all Indebtedness hereby guaranteed.

7. Guarantors' liabilities and all rights, powers and remedies of Company hereunder and under any other agreement now or at any time hereafter in force between Company and Guarantors shall be cumulative and not alternative and such rights, powers and remedies shall be additional to all rights, powers and remedies given to Company by law.

8. Guarantors' obligations hereunder are joint and several, and independent of Franchisee's obligations. In the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantors, or any of them, regardless of whether action is brought against Franchisee or whether Franchisee is joined in any such action or actions. Company may maintain successive actions for other defaults. Company's rights hereunder shall not be exhausted by Company's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Indebtedness has fully been paid and performed.

9. This is a Continuing Guarantee. It shall be irrevocable during the initial and any renewal term or extensions of the Agreements and until all Indebtedness has been fully paid and the obligations guaranteed have been fully performed. Thereafter, this Guarantee may be revoked only by written notice by Guarantors to Company after Company's receipt of such notice.

10. Nether any provision of this Guarantee nor right of Company hereunder can be waived, nor can Guarantors, or any of them, be released from Guarantors' obligations hereunder except by a writing duly executed by Company. Should any provision(s) or portion(s) of any provisions of this Guarantee be found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions nevertheless shall be effective. This Guarantee shall be governed by and construed in accordance with the law of California.

11. The obligation of each Guarantor shall be primary, joint and several.

12. This Guarantee constitutes the entire agreement of Guarantor and Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Company unless expressed herein.

Executed by or on behalf of Guarantors on ____________________ *[date]*.

GUARANTOR NAME: ________________________

GUARANTOR SIGNATURE: ________________________

GUARANTOR ADDRESS: ________________________

____

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "C"

CONDITIONAL LEASE ASSIGNMENT PROVISIONS

The clauses referred to in Article 3.1B of the attached Franchise Agreement are as follows:

i. The premises being leased hereunder shall be used solely for the operation of a The Great American Barbershop Shop.

ii. Lessor has examined Franchisor's standard design concepts and specifications and consents to Lessee's use of the same and of Franchisor's Marks and such signage as Franchisor may prescribe for the Shop.

iii. Lessee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.

iv. Lessor shall furnish Franchisor a copy of the executed lease, including all attachments thereto and related agreements, if any, within ten (10) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

v. Notwithstanding anything to the contrary contained in this Lease, it is expressly understood and agreed that if the Franchise Agreement dated the day of ______, 20___ between the Lessee and Franchisor expires or is terminated for any reason whatsoever, the Lessee's rights hereunder shall, at the option of Franchisor, be transferred and assigned to Franchisor. Said option may be exercised by Franchisor giving the Lessor a notice in writing within thirty (30) days following the expiration or termination of the said Franchise Agreement, such notice to specify, <u>inter alia</u>, the date of such expiration or termination. It is further agreed that such notice shall, without further act or formality, operate as an effective assignment of the Lessee's right hereunder to Franchisor and the assumption by Franchisor of the covenants herein required to be observed or performed by the Lessee.

vi. In the event Franchisor elects not to exercise the above option. Lessor shall permit Franchisor to enter the premises in order to make any modification necessary to protect Franchisor's Marks.

vii. The Lessor shall give written notice to Franchisor (concurrently with giving of such notice to the Lessee) of any default by the Lessee under the Lease, and Franchisor shall have the right and authority to conduct activities as needed to protect its Marks and remove proprietary materials owned by Franchisor from the premises.

viii. The Lessor acknowledges that Franchisor is executing this Lease solely for the purpose of acknowledging the provisions contained in the foregoing clauses and agrees that such execution by Franchisor shall in no way be construed so as to obligate Franchisor for the performance of any of the terms, conditions, obligations, and covenants contained herein, except as specifically set forth in clause (i).

The foregoing provisions shall be incorporated into Franchisee's lease or sublease agreement.

FRANCHISOR:

By: ________________________

FRANCHISEE:

By: ________________________

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "D"

SITE LOCATION ADDENDUM

Site Location

The Great American Barbershop Franchise, Inc. ("Franchisor") and Franchisee ("Franchisee") have on this date, ____________, 20____, entered into a certain Franchise Agreement, ("Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within 1 year (365) days after execution of this Addendum, Franchisee shall acquire by lease or purchase, at Franchisee's expense and subject to Franchisor's approval, as provided in the Franchise Agreement, a location for the franchised business. If you cannot find a suitable site within twelve (12) months (or another length of time, if you request and receive an extension) from signing the Franchise Agreement, we hold the right to terminate the Franchise Agreement and you will not be entitled to receive any refund of the Initial Franchise Fee.

B. Guidelines and Evaluation

In connection with Franchisee's selection of a site for the franchised business, Franchisor shall furnish to Franchisee the following:

1. Counseling and assistance on site selection guidelines as Franchisor may deem advisable.

2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or upon Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals, following Franchisee's approval in advance of the same.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the franchised business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location and such other information or materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed location to Franchisor for its approval no later than 365 days after the execution of the Franchise Agreement. Franchisor shall have 30 days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of approval is give to Franchisee by Franchisor.

D. Lease Provisions

The lease for the premises of the franchised business shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the franchised business.
2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Property Marks and signage as Franchisor may prescribe for the franchised business.
3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.
4. That Franchisee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.
5. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.
6. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to assign or sublease for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.
7. That Franchisor shall be furnished a copy of the executed lease, then (10) days after its execution, and no change or amendments to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the franchised business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. Franchisee shall not relocate the franchised business without express prior written consent of Franchisor.

F. Construction

Franchisee shall commence construction or leasehold improvements ("Construction") of the franchise business within 180 days after Franchisee executes this addendum, executes a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee must use Franchisor's approved contractor for the Construction, or if Franchisee desired to use a different contractor, Franchisee must pay Franchisor a $10,000 construction supervision and project supervision fee, due prior to Franchisee engaging a different contractor for the Construction to compensate Franchisor in having to oversee the project and verify the work is being constructed in accordance with Franchisor's specifications. Franchisee shall provide written notice to Franchisor of the date Construction of the franchised business commences within 15 days after commencement. Franchisee shall maintain continuous Construction of the franchised business premises and shall complete Construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within 6 months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Franchisee must use Franchisor's approved sign vendor. If Franchisee desires not to use Franchisor's approved sign vendor, Franchisee shall pay Franchisor a $1,000 supervision fee prior to engaging a different sign vendor to compensate Franchisor for overseeing the non---approved sign vendor to verify the Franchisor's specifications are being adhered to by the vendor. Each week during the Construction period, Franchisee and Franchisee's architect or general contractor shall certify in writing to Franchisor that all work is proceeding substantially on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the Construction at all reasonable times. Franchisor is not liable for the Contractor's acts or omissions, except as specifically directed by Franchisor.

G. Permits and Approvals

Before or upon completion of Construction, Franchisee shall obtain, and shall furnish to Fran chisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the franchised business. Franchisee shall obtain Franchisor's approval for opening and shall open the franchised business within 12 months after the date of commencement of Construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Ad dendum in triplicate on the day and year first above written.

FRANCHISOR:

By: ______________________________

FRANCHISEE:

By: ______________________________

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "E"

CONFIDENTIALITY AND NON-COMPETETION AGREEMENT

THIS AGREEMENT is made by and between The Great American Barbershop Franchise, Inc., a California corporation (the "Franchisor"), and (the "Franchisee").

WHEREAS, Franchisor has developed an established business and is engaged in the devel opment, marketing and sale to franchisees of an efficient and distinctive system of training employees, providing hair care and grooming services under a distinctive System and Marks and Image at Shops known as "The Great American Barbershop" by a distinctively uniformed staff well trained, in distinctively designed, furnished, decorated and equipped stores under the name The Great American Barbershop; and

WHEREAS, Franchisor has developed and uses the name "The Great American Barbershop" and associated service marks, trademarks, designs, and symbols in the design and appearance of its shops (collectively referred to as the "Marks"), identifying the goodwill which Franchisor has developed in connection with the operation of The Great American Barbershop Shops by Franchisor and its franchisees (all of which is hereinafter referred to as the "System"); and

WHEREAS, Franchisor desires to preserve the Marks and the System, and has plans, where profitable, to increase the number of The Great American Barbershop Shops within the United States and elsewhere; and

WHEREAS, Franchisee desires to be a Great American Barbershop Shops franchisee; and

WHEREAS, Franchisee's Manager has been hired by Franchisee to run the day-to-day activities of Franchisee's shop and such Manager must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, and the conditions stated herein, the parties agree as follows:

1. <u>Purpose of Agreement:</u> Franchisor is placing Franchisee in a position of trust and confidence in the development, marketing, sale and expansion of the System. As a precondition of the grant of the right to own and operate a The Great American Barbershop Shop, Franchisor desires to receive from Franchisee (i) an agreement not to disclose certain information relating to Franchisor's business, (ii) an agreement not to compete against Franchisor for a certain period of time, and (iii) an agreement

concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. Franchisor Ownership of Materials. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including Franchisor's Confidential Operating Manual, and the goodwill associated with them, which in any way relate to Franchisor's past, present or potential business or which were prepared or received by Franchisee as a franchisee of Franchisor and a participant in the System (collectively referred to as "Confidential Information") are the exclusive property of Franchisor. Franchisee agrees to deliver to Franchisor all copies of such materials including Franchisee's own personal work papers, which are in Franchisee's possession or under Franchisee's potential control at the request of Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated herewith between Franchisor and Franchisee (the "Franchise Agreement").

3. Confidential Information. Franchisee acknowledges that Franchisor's Confidential Information is a valuable and unique asset which Franchisee holds in trust for Franchisor's sole benefit. Franchisee agrees that Franchisee shall not, at any time during and for a period of fifty (50) years after Franchisee ceases to be a franchisee of Franchisor or a participant in the System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of Franchisor's Confidential Information, without the prior written consent of Franchisor.

4. Trade Secrets. Franchisee acknowledges that Franchisor's Confidential Information and its methods and techniques of operation, haircare, hair cut, grooming services, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Confidential Operating Manual, are uniquely valuable to Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets"). In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a The Great American Barbershop Shop, Franchisee agrees, at all times while a franchisee of

Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of Franchisor's Trade Secrets, to use them solely for the benefit of Franchisor' business, and to refrain from disclosing or making available the Trade Secrets any third party without the prior written consent of Franchisor. Franchisee further agrees to take all reasonable security measures to ensure that Fr anchisee's employees comply with this Agreement and such other security measures as are reasonably requested by Franchisor to prevent accidental disclosure.

5. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the System or which relate to or are useful to Franchisor's business which Franchisee, alone or with others, may invest, discover, make or conceive ("Inventions") are the exclusive property of Franchisor, and Franchisee shall promptly and fully disclose them to Franchisor. At any time, at Franchisor's request and expense, Franchisee shall, without further compensation: (i) promptly record such Inventions with Franchisor; (ii) execute any assignments and other documents Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by Franchisee that as the natural result of Franchisee's participation in the System as a franchisee of Franchisor, Franchisee will gain access to Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of Franchisor's landlords, customers and suppliers. Franc hisee acknowledges that Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for Franchisee's participation in the System as a franchisee of Franchisor, Franchisee agrees that while it is a franchisee of Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after Franchisee ceases to be a participant in the System, Franchisee shall not:

   (a) Have or acquire an interest in a similar business to that offered or developed by Franchisor which provides the same or substantially similar products as those sold, distributed, manufactured or furnished by Franchisor during the term of the Franchise Agreement. For purposes of this Agreement, "similar business" means a business establishment that offers hair care or grooming services or products, such products comprise at least 50% of total sales of such business;

(b) Engage, directly or indirectly, on Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any similar business to those offered and provided or manufactured by Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of Franchisor; or the terms and conditions of Franchisor's contracts with suppliers of these Products;

(d) Hire or engage, or attempt to hire or engage, directly or indirectly, any individual who is an employee of Franchisor at the time of such solicitation, or was an employee during the calendar year immediately preceding Franchisee's termination as a participant in the System as a franchisee of Franchisor, whether such actions are undertaken on behalf of Franchisee or on behalf of another entity; or

(e) Otherwise take direct actions to disrupt the operations of Franchisor or interfere with Franchisor's performance of its contracts with third parties.

7. <u>Enforcement.</u>

(a) <u>Injunction</u>. Franchisee understands and agrees that Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate Franchisor for any such violation. Accordingly, Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this

Agreement, Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by Franchisee or by any or all Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with Franchisee. Franchisee consents to the seeking of the injunction as being a reasonable measure to protect Franchisor's rights.

(b) Jurisdiction. Franchisee agrees that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the State of California, County of Fresno, and Franchisee agrees and consents to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court, regardless of Franchisee's residency at the time such suit is filed. Any lawsuit brought against Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of Franchisee within this time period shall serve to bar any rights Franchisee may have against Franchisor or its officers, directors and agents.

(c) Costs. Franchisee further agrees that if Franchisee acts in any manner which causes Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines Franchisee has or is it violating any of the provisions of this Agreement, Franchisor, in addition to its other remedies, shall be entitled to recover from Franchisee all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. Franchisee has read and considered carefully the provisions of Sections 1 through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. Franchisee further agree that the restrictions set forth in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

(a) all agreements and covenants contained herein are severable if any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, Franchisee agrees that a breach or alleged breach by Franchisor of any obligation owed by Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of California.

(c) No delay or failure by Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.

(e) The rights and obligations of Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of Franchisor and any future successors and assigns of Franchisor.

(f) No modification of this Agreement shall be valid unless it is in writing and signed by both Franchisee and an authorized representative of Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by Franchisee and Franchisor to supersede and replace any prior agreements on these issues between the parties.

(g) The Manager, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

IN WITNESS WHEREOF, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ______, 20____.

FRANCHISOR:

By: ______________________________

FRANCHISEE:

By: ______________________________

(Franchisee)

FRANCHISEE:

By: ______________________________

(Manager)

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "F"

TRANSFER OF FRANCHISE TO A CORPORATION

The undersigned, as Franchisee of the Shop under a Franchise Agreement executed on the date set forth below between Franchisee and The Great American Barbershop Franchise, Inc., as Franchisor, granting Franchisee a franchise to operate at the location set forth below, and the other undersigned shareholders or members of the Corporation, who together with Franchisee constitute all of the Shareholders of the Corporation, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation in accordance with the provisions of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other Shareholders of the Corporation intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in the Franchise Agreement, to the same extent as if each of them were Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of Franchisee's obligations set forth in said Agreement.
2. The undersigned agree not to transfer any stock in the Corporation without the prior written approval of Franchisor and agree that all stock certificates representing shares in the Corporation shall bear the following legend:

   "The transfer of this stock certificate is subject to the terms and conditions of a certain Franchise Agreement, entered into with The Great American Barbershop Franchise, Inc., dated _____, 20___."
3. Franchisee or his designee shall devote his best efforts to the day-to-day operation and development of the Shop.
4. ________________________________ hereby agrees to become a party to and to be bound by all of the provisions of the Franchisee Agreement executed on the date set forth below between Franchisee and The Great American Barbershop Franchise, Inc. to the same extent as if it were named as Franchisee herein.

Date of Franchise Agreement: ________________________

Location of Shop: ________________________________

Name of Corporation: ______________________________

Name: ____

Title: ____

In consideration of the execution of the above Agreement, The Great American Barbershop Franchise, Inc., hereby consents to the above referred assigned on this ___________ day of 20______,

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

By: _______________________________

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "G"

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

Depositor hereby authorizes and requests ______________________________ (the "Bank") to initiate debit and credit entries to Depositor's account indicated below drawn by and payable to the order of THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC. (the "Company") in checks drawn on such account payable to the Company or by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Bank's rights with respect to each such charge shall be the same as if it were a check drawn by the Bank and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever.

This authority is to remain in full force and effect until the Company has received written notification from the depositor of its termination in such time and in such manner to afford the Company and Bank a responsible opportunity to act on such request.

Bank Name: ______________________________

Bank Address: ______________________________

Transit/ABA Number: ______________________________

Account Number: ______________________________

Street Address: ______________________________

____

Name of Depositor: ______________________________

Date Signed: ______________________________

Signature of Depositor: ______________________________

Signature of Depositor: ______________________________

[[in case of more than one depositor]]

PLEASE ATTACH ONE VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP BANK AND TRANSIT NUMBERS.

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE AGREEMENT

EXHIBIT "H"

FRANCHISE COMPLIANCE CERTIFICATION

As you know, The Great American Barbershop Franchise, Inc. (the Franchisor) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a The Great American Barbershop Shop. The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of Franchisor, or by employees or authorized representatives of Franchisor's sales agents, that have not been authorized or that may be untrue, inaccurate or misleading.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing The Great American Barbershop Franchise, Inc. from an existing Franchisee?

   (____) Yes (____) No

2. I had my first face-to-face meeting with a Franchisor representative on ____________, 20_____.
3. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreements attached to it?

   (____) Yes (____) No

4. Do you understand all of the information contained in the Franchisee Agreement, each addendum and related agreements provided to you?

   (____) Yes (____) No

   If no, what parts of the Franchise Agreement, any addendum, and/or related agreement do you not understand? (attach additional pages, if necessary).

   ____

   ____

   ____

   ____

5. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (FDD) that was provided to you?

   (____) Yes (____) No

6. Did you sign a receipt for the FDD indicating the date you received it?

   (____) Yes (____) No

7. Do you understand all of the information contained in in the FDD and any state-specific Addendum to the FDD?

   (____) Yes (____) No

   If no, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary)

   ____

   ____

   ____

   ____

8. Have you discussed the benefits and risks of establishing and operating a location of The Great American Barbershop Franchise, Inc. with an attorney, accountant, or other professional advisor?

   (____) Yes (____) No

   If no, do you wish to have more time to do so?

   (____) Yes (____) No

9. Do you understand that the success or failure of your Shop will depend in large upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   (____) Yes (____) No

10. Has any employee or sales agent of Franchisor made any statement or promise concerning the revenues, project cost, profits or operating costs of a The Great American Barbershop Shop operated by the Franchisor or its Franchisees that is contrary to the information contained in the FDD?

    (____) Yes (____) No

11. Has any employee or sales agent of Franchisor made any statement or premise regarding the amount of money you may earn in operating the franchised business that is contrary to the information contained in the FDD?

    (____) Yes (____) No

12. Has any employee or sales agent of Franchisor made any statement or promise concerning the total amount of revenue the Shop will generate that is contrary to the information contained in the FDD?

    (____) Yes (____) No

13. Has any employee or sales agent of Franchisor made any statement or promise regarding the costs you may incur in operating the location of The Great American Barbershop Shop that is contrary or different from the information contained in the FDD?

(____) Yes (____) No

14. Has any employee or sales agent of Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a The Great American Barbershop Shop?

(____) Yes (____) No

15. Has any employee or sales agent of Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistant that the Franchisor will furnish to you that is contrary to, or different from the information contained in the FDD?

(____) Yes (____) No

16. Have you entered into any binding agreement with Franchisor concerning the purchase of this franchise prior to today?

(____) Yes (____) No

17. Have you paid any money to Franchisor concerning the purchase of this franchise prior to today?

(____) Yes (____) No

If you have answered YES to any of the questions 10-17, please provide a complete explanation of each YES answer in the following blank lines. (Attach additional pages, if necessary). If you answered NO to questions 10-17, leave these lines blank.

____

____

____

____

I signed the Franchise Agreement and Addendum, if any, on _____________, 20_______, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor. Please understand that your response to these questions are important to us and that we will rely on them. BY signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT DATE

________________________ ________________________

THE GREAT AMERICAN BARBERSHOP, FRANCHISE, INC.

FRANCHISE DISCOLOSURE DOCUMENT

EXHIBIT "E"

CONFIDENTIALITY AND NON-COMPETETION AGREEMENT

CONFIDENTIALITY AND NON-COMPETETION AGREEMENT

THIS AGREEMENT is made by and between The Great American Barbershop Franchise, Inc., a California corporation (the "Franchisor"), and (the "Franchisee").

WHEREAS, Franchisor has developed an established business and is engaged in the devel opment, marketing and sale to franchisees of an efficient and distinctive system of training employees, providing hair care and grooming services under a distinctive System and Marks and Image at Shops known as "The Great American Barbershop" by a distinctively uniformed staff well trained, in distinctively designed, furnished, decorated and equipped stores under the name The Great American Barbershop; and

WHEREAS, Franchisor has developed and uses the name "The Great American Barbershop" and associated service marks, trademarks, designs, and symbols in the design and appearance of its shops (collectively referred to as the "Marks"), identifying the goodwill which Franchisor has developed in connection with the operation of The Great American Barbershop Shops by Franchisor and its franchisees (all of which is hereinafter referred to as the "System"); and

WHEREAS, Franchisor desires to preserve the Marks and the System, and has plans, where profitable, to increase the number of The Great American Barbershop Shops within the United States and elsewhere; and

WHEREAS, Franchisee desires to be a Great American Barbershop Shops franchisee; and

WHEREAS, Franchisee's Manager has been hired by Franchisee to run the day-to-day activities of Franchisee's shop and such Manager must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, and the conditions stated herein, the parties agree as follows:

10. <u>Purpose of Agreement:</u> Franchisor is placing Franchisee in a position of trust and confidence in the development, marketing, sale and expansion of the System. As a precondition of the grant of the right to own and operate a The Great American Barbershop Shop, Franchisor desires to receive from Franchisee (i) an agreement not to disclose certain information relating to Franchisor's business, (ii) an agreement not to compete against Franchisor for a certain period of time, and (iii) an agreement concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

11. <u>Franchisor Ownership of Materials.</u> All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks,

calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including Franchisor's Confidential Franchise Operations Manual, and the goodwill associated with them, which in any way relate to Franchisor's past, present or potential business or which were prepared or received by Franchisee as a franchisee of Franchisor and a participant in the System (collectively referred to as "Confidential Information") are the exclusive property of Franchisor. Franchisee agrees to deliver to Franchisor all copies of such materials including Franchisee's own personal work papers, which are in Franchisee's possession or under Franchisee's potential control at the request of Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated herewith between Franchisor and Franchisee (the "Franchise Agreement").

12. Confidential Information. Franchisee acknowledges that Franchisor's Confidential Information is a valuable and unique asset which Franchisee holds in trust for Franchisor's sole benefit. Franchisee agrees that Franchisee shall not, at any time during and for a period of fifty (50) years after Franchisee ceases to be a franchisee of Franchisor or a participant in the System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of Franchisor's Confidential Information, without the prior written consent of Franchisor.

13. Trade Secrets. Franchisee acknowledges that Franchisor's Confidential Information and its methods and techniques of operation, haircare, haircut, grooming services, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Confidential Franchise Operations Manual, are uniquely valuable to Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense ("Trade Secrets").

In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee's continued right to own and operate a The Great American Barbershop Shop, Franchisee agrees, at all times while a franchisee of Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of Franchisor's Trade Secrets, to use them solely for the benefit of Franchisor' business, and to refrain from disclosing or making available the Trade Secrets any third party without the prior written consent of Franchisor.

Franchisee further agrees to take all reasonable security measures to ensure that

Franchise's employees comply with this Agreement and such other security measures as are reasonably requested by Franchisor to prevent accidental disclosure.

14. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the System or which relate to or are useful to Franchisor's business which Franchisee, alone or with others, may invest, discover, make or conceive ("Inventions") are the exclusive property of Franchisor, and Franchisee shall promptly and fully disclose them to Franchisor. At any time, at Franchisor's request and expense, Franchisee shall, without further compensation: (i) promptly record such Inventions with Franchisor; (ii) execute any assignments and other documents Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist Franchisor in enforcing its rights with respect to these Inventions.

15. Restrictions on Unfair Competition. It is recognized by Franchisee that as the natural result of Franchisee's participation in the System as a franchisee of Franchisor, Franchisee will gain access to Franchisor's Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of Franchisor's Trade Secrets and Confidential Information, and will gain the trust,
confidence and respect of Franchisor's landlords, customers and suppliers. Franchisee ac knowledges that Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for Franchisee's participation in the System as a franchisee of Franchisor, Franchisee agrees that while it is a franchisee of Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after Franchisee ceases to be a participant in the System, Franchisee shall not:

(a) Have or acquire an interest in a similar business to that offered or developed by Franchisor which provides the same or substantially similar products as those sold, distributed, manufactured or furnished by Franchisor during the term of the Franchise Agreement. For purposes of this Agreement, "similar business" means a business establishment that offers hair care or grooming services or products, such products comprise at least 50% of total sales of such business;

(b) Engage, directly or indirectly, on Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any
similar business to those offered and provided or manufactured by Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of Franchisor; or the terms and conditions of Franchisor's contracts with suppliers of these Products;

(d) Hire or engage, or attempt to hire or engage, directly or indirectly, any individual who is an employee of Franchisor at the time of such solicitation, or was an employee during the calendar year immediately preceding Franchisee's termination as a participant in the System as a franchisee of Franchisor, whether such actions are undertaken on behalf of Franchisee or on behalf of another entity; or

(e) Otherwise take direct actions to disrupt the operations of Franchisor or interfere with Franchisor's performance of its contracts with third parties.

16. Enforcement.

(a) Injunction. Franchisee understands and agrees that Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate Franchisor for any such violation. Accordingly, Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this Agreement, Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by Franchisee or by any or all Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with Franchisee. Franchisee consents to the seeking of the injunction as being a reasonable measure to protect Franchisor's rights.

(b) Jurisdiction. Franchisee agrees that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located I the State of California, County of Fresno, and Franchisee agrees and consents to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court, regardless of Franchisee's residency at the time such suit is filed. Any lawsuit brought against

Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of Franchisee within this time period shall serve to bar any rights Franchisee may have against Franchisor or its officers, directors and agents.

(c) Costs. Franchisee further agrees that if Franchisee acts in any manner which causes Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines Franchisee has or is it violating any of the provisions of this Agreement, Franchisor, in addition to its other remedies, shall be entitled to recover from Franchisee all costs incurred, including its attorneys' fees.

17. Reasonableness of Restrictions; Severability. Franchisee has read and considered carefully the provisions of Sections 1 through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. Franchisee further agree that the restrictions set forth in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

18. Miscellaneous.

(a) all agreements and covenants contained herein are severable if any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, Franchisee agrees that a breach or alleged breach by Franchisor of any obligation owed by Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of California.

(c) No delay or failure by Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.

(e) The rights and obligations of Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of Franchisor and any future successors and assigns of Franchisor.

(f) No modification of this Agreement shall be valid unless it is in writing and signed by both Franchisee and an authorized representative of Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by Franchisee and Franchisor to supersede and replace any prior agreements on these issues between the parties.

(g) The Manager, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

IN WITNESS WHEREOF, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this ______, 20____.

FRANCHISOR:

By: ____________________________

FRANCHISEE:

By: ____________________________

(Franchisee)

FRANCHISEE:

By: ____________________________

(Manager)

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "F"

TABLE OF CONTENTS TO FRANCHISE OPERATIONS MANUAL

Table of Contents

The Great American Barbershop Franchise, Inc.

Standard Operating Manual

Training Content

Techniques and Methods for Precision Cuts and Shaves Hours both Classroom and in store.
Customer Service
Finance
Back of the House and Front of the House
Managerial Skills
POS/Computer System
Legal
Accounting and Finance
Role of Operations
Method of recruiting 5 steps and retention
Promotions and Advertising

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "G"

GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

The undersigned ("Guarantors"), the sole shareholders of ____________________, hereby request The Great American Barbershop Franchise, Inc., a California corporation ("Company") to execute a Franchise Agreement and certain ancillary documents with Franchisee which may include, without limitation, real property lease(s) or sublease(s), equipment lease(s) or sublease(s), promissory note(s), and other agreements which may now or hereafter be entered into between Franchisee and Company in connection with the foregoing (the "Agreements"), all in connection with The Great American Barbershop Franchise, Inc., business at ____. In consideration of Company's entering into such Agreements, Guarantors hereby agree as follows:

1. The word "Indebtedness" herein means and includes any and all obligations of Franchisee arising under or pursuant to the Agreements, and all other obligations, whether now existing or hereafter arising, of Franchisee to Company of whatever nature.

2. Guarantors promise to pay to Company or to Company's order any and all Indebtedness of Franchisee to Company and to perform any and all obligations of Franchisee including, without limitation, obligations under the Agreements or any other agreement, instrument or lease relating to, evidencing or securing any Indebtedness.

3. No exercise or non-exercise by Company of any right hereunder, no dealing by Manufacturer with Franchisee or any other person, and no change, impairment or suspension of any right or remedy of Company shall in any way affect any Indebtedness of Guarantors hereunder or give Guarantors any recourse against Franchisee.

4. Guarantors waive and agree not to assert or take advantage of (a) any right to require Company to proceed against Franchisee or any other person, firm or corporation or to proceed against or exhaust any security held by Company at any time or to pursue any other remedy in Company's power; (b) any statute of limitations in any action hereunder to collect any Indebtedness guaranteed hereby; (c) any defense that may arise by reason of Franchisee's incapacity, lack of authority, insolvency or bankruptcy or Company's failure to file or enforce a claim against the estate (either in bankruptcy, or other proceeding) of Franchisee, any other or others; (d) demand, protest and notice of any kind including, without limitation, notice of the existence, creation or incurring of new or additional Indebtedness or obligations or of any action or non-action on the part of Franchisee, Company, any endorser, creditor of Franchisee or Guarantor under this or any other instrument, or any other person, in connection with any obligation or evidence of Indebtedness held by Company or in connection with any Indebtedness hereby guaranteed; (e) any defense based upon

an election of remedies by Company including, without limitation, an election to proceed by non-judicial rather than judicial foreclosure, which election destroys or otherwise impairs subrogation and/or other rights of Guarantors or the right of Guarantors to proceed against Franchisee for reimbursement, or both; and (f) any duty of Company to disclose to Guarantors any facts that Company may now or hereafter know about Franchisee, regardless of whether Company has reason to believe that any such facts materially increase the risk beyond that which Guarantors intend to assume or has reason to believe that such facts are unknown to Guarantors or has a reasonable opportunity to communicate such facts to Guarantors, it being understood and agreed that Guarantors are responsible to be and to keep informed of Franchisee's financial condition and of all circumstances bearing on the risk of nonpayment of any Indebtedness hereby guaranteed.

5. Until all Indebtedness to Company is paid in full and all Franchisee's obligations to Company are fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Company now has or may hereafter have against Franchisee.

6. All existing or future Indebtedness of Franchisee to Guarantors and, any right to withdraw any capital of Guarantor invested in Franchisee, is hereby subordinated to all Indebtedness hereby guaranteed.

7. Guarantors' liabilities and all rights, powers and remedies of Company hereunder and under any other agreement now or at any time hereafter in force between Company and Guarantors shall be cumulative and not alternative and such rights, powers and remedies shall be additional to all rights, powers and remedies given to Company by law.

8. Guarantors' obligations hereunder are joint and several, and independent of Franchisee's obligations. In the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantors, or any of them, regardless of whether action is brought against Franchisee or whether Franchisee is joined in any such action or actions. Company may maintain successive actions for other defaults. Company's rights hereunder shall not be exhausted by Company's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Indebtedness has fully been paid and performed.

9. This is a Continuing Guarantee. It shall be irrevocable during the initial and any renewal term or extensions of the Agreements and until all Indebtedness has been fully paid and the obligations guaranteed have been fully performed. Thereafter, this Guarantee may be revoked only by written notice by Guarantors to Company after Company's receipt of such notice.

10. Nether any provision of this Guarantee nor right of Company hereunder can be waived, nor can Guarantors, or any of them, be released from Guarantors' obligations hereunder except by a writing duly

executed by Company. Should any provision(s) or portion(s) of any provisions of this Guarantee be found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions nevertheless shall be effective. This Guarantee shall be governed by and construed in accordance with the law of California.

11. The obligation of each Guarantor shall be primary, joint and several.

12. This Guarantee constitutes the entire agreement of Guarantor and Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Company unless expressed herein.

Executed by or on behalf of Guarantors on ______________________ [*date*].

GUARANTOR NAME: ____________________________

GUARANTOR SIGNATURE: ____________________________

GUARANTOR ADDRESS: ____________________________

____

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT "H"

RECEIPT

(RETURN ONE COPY TO US)

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

(RETURN ONE COPY TO US)

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT, THE AREA DEVELOPMENT AGREEEMENT, AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF THE GREAT AMERICAN BARBERSHOP FRANCHISE, 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.

IF THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C., 20580 AND THE STATE ADMINISTRATORS LISTED IN EXHIBIT A. WE AUTHORIZE THE AGENTS LISTED IN EXHIBIT A TO RECEIVE SERVICE OF PROCESS ON OUR BEHALF.

The sellers of The Great American Barbershop franchise are (please check all that apply to you):

______ Tye Featherstone, 1952 N. Mcarthur Avenue, Clovis, CA 93619; 559-779-1127

______ Martin Stein at 1952 N. Mcarthur Avenue, Clovis, CA 93619; 707-410-8433.

Date of Issuance: __________, 2018

I have received a disclosure document dated _________, 2018 that included the following exhibits:

A. State Administrators/Agents for Service of Process
B. State Specific Addendum
C. Area Development Agreement and Exhibits
D. Franchise Agreement and Exhibits
E. Confidentiality and Non-Competition Agreement
F. Table of Contents of Confidential Franchise Operations Manual
G. Guarantee of Performance

Date: ________________________________ Franchisee: ________________________________

Print Name: ________________________________

THE GREAT AMERICAN BARBERSHOP FRANCHISE, INC.

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