9/7/22

FRANCHISE DISCLOSURE DOCUMENT

(Single-Unit Franchise and Area Development Rights)

The Village Pup Franchising LLC
42620 Caroline Court, Suite 103
Palm Desert, CA 92211
(833) 488-7877
TVPFranchiseinfo@pupemail.com
www.thevillagepup.com

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a California limited liability company
42620 Caroline Court, Suite 103,
Palm Desert, CA 92211
(833) 488-7877
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www.thevillagepup.com

As a The Village Pup Franchisee, you will own and operate a business that offers dog daycare, boarding and grooming services operating under the trade name "The Village Pup®.

The investment necessary to begin operation of a The Village Pup Franchise Business ranges from $278,900 to $773,500. This includes $52,900 that must be paid to us or our affiliates.

If you currently own and operate a business similar to the type of business engaged by our Franchise Businesses, and you desire to convert your business to a Franchise Business (a "Conversion Franchisee"), you must sign the Conversion Addendum to Franchise Agreement attached as Exhibit C to the Franchise Agreement. The investment necessary to begin operation of a The Village Pup Conversion Franchise ranges from $149,600 to $674,400. This includes $37,900 that must be paid to us or our affiliates.

We also offer to certain qualified persons rights to develop a specified number of The Village Pup Franchises (the "Franchise Businesses") within a Development Area under a The Village Pup Area Development Agreement. You must purchase a minimum of 2 Franchise Businesses. You must pay us a Development Fee equal to $17,500 times the number of Franchise Businesses you agree to develop (other than for the first Franchise Business that you must purchase at the same time you purchase Area Development Rights). We will credit $17,500 of the Development Fee against the Initial Franchise Fee for each additional Franchise Business you develop.

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

You may wish to receive this Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of this Franchise Disclosure Document in different formats, contact Khaled "K" Habash at 42620 Caroline Court, Suite 103, Palm Desert, CA 92211 and (833) 488-7877.

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

Buying a franchise is a complex investment. The information in this Franchise Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchis*e," which can help you understand how to use this Franchise 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, N.W., 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 31, 2022.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much will I earn?	ITEM 19 may give you information about unit sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in ITEM 20 and Exhibit Q.
How much will I need to invest?	ITEMS 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; ITEM 7 lists the initial investment to open, and ITEM 8 describes the suppliers you must use.
Does the franchisor have the financial ability to support my business?	ITEM 21 and Exhibit R include financial statements. Review these statements carefully.
Is the franchise system stable and growing or shrinking?	ITEM 20 summarizes the 3-year history of the number of Company-Owned and Franchised Units.
Will my business be the only The Village Pup Business in my market?	ITEM 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	ITEMS 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings
What's it like to be a The Village Pup franchisee?	ITEM 20 and Exhibit Q list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 ITEMS and all Exhibits in this Franchise Disclosure Document to better understand this franchise opportunity. See the Table of Contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

Certain states require that the following risk be highlighted:

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

Certain states may require other risks to be highlighted. If so check the "State Specific Addenda" pages for your state.

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

THE FRANCHISOR, PARENTS AND AFFILIATES

The Franchisor is The Village Pup Franchising, LLC and is referred to in this FDD as "we," "us" and "our." The Franchisee is the person, persons or Business Entity to whom we grant the right to purchase and operate a Franchise Business and is referred to as "you" and "your." If the Franchisee is a Business Entity, each of the equity owners (the "Franchise Owners") must sign the Guaranty of Franchisee's Obligations included in Exhibit J. Unless otherwise defined in this FDD, all capitalized terms are defined in ARTICLE 18 of the Franchise Agreement attached as Exhibit D.

Franchisor. The name of the Franchisor is The Village Pup Franchising, LLC. Our principal business address is 42620 Caroline Court, Suite 103, Palm Desert, CA 92211 .

Parent. We have no parent corporation.

Affiliates. We have no affiliates that have offered franchises in any line of business. We have no affiliates that will provide products or services to you.

> **Live by Faith, LLC**, a California limited liability company ("Live by Faith") owns the Principal Trademark and other Intellectual Property and licenses to us the right to sublicense to our Franchisees the rights to use the Principal Trademark and other Intellectual Property in connection with our offer and sale of Franchises and Area Development Rights. Live by Faith also owns and operates The Village Pup located at 78050 Calle Cadiz, La Quinta, CA 92253 since November 2015. Live by Faith was incorporated on May 14, 2015. Live by Faith maintains its principal business address at 78050 Calle Cadiz, La Quinta, CA 92253.
>
> **The Village Pup Palm Desert, LLC**, a California limited liability company ("TVPPD"), owns and operates The Village Pup located at 42620 Carolina Court, Suite 103, Palm Desert, CA 92270 since February 2020. TVPPD was incorporated on March 20, 2017. TVPPD maintains its principal place of business at 42620 Carolina Court, Suite 103, Palm Desert, CA 92270.

OUR PREDECESSORS

We have no predecessors.

TRADE NAME

We conduct business under the trade name "The Village Pup®."

OUR AGENTS FOR SERVICE OF PROCESS

Exhibit B contains the identities and principal business addresses of our agents for service of process in all states.

TYPE OF BUSINESS ORGANIZATION

We are a California limited liability company organized on October 8, 2021.

OUR BUSINESS AND THE FRANCHISE OFFERED

Our Business. Our sole business is the offer and sale of The Village Pup Franchises and Area Development Rights, and the servicing and supporting of our The Village Pup Franchisees. We have not operated a business of the type being franchised.

Other Business Activities. We have no other business activities. We have not conducted business in any other line of business. We have not offered franchises in any other line of business.

Franchise Business. The Franchise Business you will conduct is a business offering dog daycare, boarding and grooming services operating under the trade name "The Village Pup®" (the "Franchise Business") pursuant to the terms of the Franchise Agreement included in Exhibit D. We expect that a Franchise Business will typically be located in a Free-Standing Building, Commercial Office Building, Business Park, Industrial Complex or retail shopping center in Business Premises of 7,500 to 10,000+ square feet in size. We may, however, consider alternative sites, on a case-by-case basis. Under the Franchise Agreement, we will grant you the right to operate your Franchise Business within a designated geographical area in which you will actively promote the Franchise Business and solicit new customers (the "Limited Protected Territory"). We require all of your employees to sign our form of Confidentiality and Non-Competition Agreement as a condition of employment. If you are a Business Entity or the Franchise Agreement is signed by more than 1 person, you must appoint a Designated Representative with whom we communicate regarding the operation of the Franchise Business. You or your Designated Representative must complete the owner/operator module (the "Owner/Operator Module") of our proprietary initial training program (the "Initial Training Program") before you open the Franchise Business. The Initial Training Program focuses on the operation and management of the Franchise Business from an owner's perspective.

Conversion Franchisee. If you currently own and operate a business similar to the type of business engaged by our Franchise Businesses, and you desire to convert your business to a Franchise Business (a "Conversion Franchisee"), you must sign the Conversion Addendum to Franchise Agreement attached as Exhibit C to the Franchise Agreement.

Area Development Rights. In addition to the single-Unit The Village Pup Franchise, we offer to certain qualified persons rights to develop a number of The Village Pup Franchises within a specified Development Area in accordance with a Development Schedule to be negotiated by the parties under a The Village Pup Area Development Agreement, a copy of which is included as Exhibit G. We grant to you the right to open and operate Franchise Units within the Development Area. Non-Traditional Locations are excluded from your Area Development Agreement and the Development Area, subject to your right of first refusal. For the perimeter of the Development Area, you agree that you will not select a Location that is within the Limited Protected Territory of a Company-Owned Unit or Franchise Unit that is operating or under construction. We agree not to open a Company-Owned Unit or a Franchise Unit within the Limited Protected Territory of any of your Franchise Units even if the Limited Protected Territory extends outside the Development Area. For each The Village Pup Franchise you develop, you must sign our then-current form of The Village Pup Franchise Agreement. If you fail to timely achieve the Development Schedule, you may lose all future Area Development Rights if we elect to terminate the Area Development Agreement. We will then have the right to reassign these Area Development Rights to another party or we may retain these rights. You may keep your Franchise Units then developed or under construction, provided you are not in default under the Franchise Agreements. The material terms of the then-current form of The Village Pup Franchise Agreement may vary substantially from The Village Pup

Franchise Agreement contained in Exhibit D. You must purchase your 1st Franchise Business when you sign the Area Development Agreement and the Franchise Agreement. If you are not purchasing Area Development Rights, you can ignore Exhibit G and the provisions of this Franchise Disclosure Document involving Area Development Rights.

GENERAL MARKET

The general market for the products and services you offer is dog owners.

INDUSTRY-SPECIFIC LAWS OR REGULATIONS

There is no federal licensing requirement for dog day care centers and kennels. However, states, counties and municipalities may have laws and regulations requiring licensing or permitting requirements and zoning restrictions. A good place to start is reading the article "Understanding Legal Issues Involved in Running a Dog Day Care Business that you can find at https://www.universalclass.com/articles/business/understanding-legal-issues-involved-in-running-a-dog-day-care-business.htm. You will comply with all of these laws and regulations and all other applicable laws and regulations relating to the operation of the Franchise Business.

COMPETITION

You will have to compete with other businesses selling similar products and services such as independent and franchised dog day care facilities, dog boarding facilities and grooming. Competitors include Camp Bow-Wow and Dogtopia.

PRIOR BUSINESS EXPERIENCE

We have not conducted a business of the type you will operate. We began selling The Village Pup Franchises and Area Development Rights in April 2022. We are not in any other line of business.

ITEM 2 - BUSINESS EXPERIENCE

DIRECTORS, OFFICERS AND OTHER EXECUTIVES

KHALED HABASH, MANAGER AND CHIEF EXECUTIVE OFFICER

Mr. Habash has been a Manager and our Chief Executive Officer since our organization in October 2021. From August 2014 to present, he is also the Chief Executive Officer of Live by Faith, LLC. Since February 1, 2020 to present he is also the Chief Executive Officer of The Village Pup Palm Desert, LLC. He is located at La Quinta, California.

TAMMY JENZ, MANAGER AND CHIEF OPERATING OFFICER

Ms. Jenz has been a Manager and our Chief Operating Officer since our organization in October 2021. Ms. Jenz began working alongside Khaled at The Village Pup at our La Quinta, CA location in January 2017. Since February 1, 2020 to present she is also the Chief Operating Officer of The Village Pup Palm Desert, LLC. She is located in Palm Desert, California.

DIANE COOLEY, CHIEF FINANCIAL OFFICER

Ms. Cooley has been our Chief Financial Officer since our organization in October 2021. From December 1989 to April 2019, she was President of Sales and Service of H&R Block, Inc. headquartered in Kansas City, Missouri. From October 2019 to present, she is Vice President of National Operations for Massage Envy headquartered in Scottsdale, Arizona. From February 2020 to present, she is also the Chief Financial Officer for The Village Pup Palm Desert, LLC. She is located in Palm Desert, California.

ADA HABASH, SECRETARY

Ms. Habash has been our Secretary since our organization in October 2021. From August 2014 to present, she is also the Secretary of Live by Faith, LLC located in La Quinta, California. From February 2020 to present, she is also the Secretary of The Village Pup Palm Desert, LLC located in Palm Desert, California. She is located in La Quinta, California.

ITEM 3 - LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4 - BANKRUPTCY

No bankruptcy is required to be disclosed in this ITEM.

ITEM 5 - INITIAL FEES

DEPOSIT FEE

If a location suitable for a Franchise Business does not currently exist, you may request we grant you exclusive rights within a defined Reserved Area (e.g., city, county) and our assistance to obtain an approved location for a Franchise Business. You will sign our form of Deposit Agreement included in Exhibit C and pay us a deposit fee of $25,000 (the "Deposit Fee"). The Deposit Agreement will not be signed and the Deposit Fee will not be paid to us until you have had this FDD for at least 14 days. We expect that the parties will sign the Franchise Agreement and related documents within 30 days after signing the Deposit Agreement. If you timely sign the Franchise Agreement and related documents, we will credit the Deposit Fee against the Initial Franchise Fee. If you desire to cancel the Deposit Agreement within 30 days of its signing, you must give us written notice and we will return the Deposit Fee without interest to you less the out-of-pocket expenses we have incurred. You must also sign the Franchise Termination and Release Agreement included as Exhibit O. If you fail to timely sign the Franchise Agreement and related documents, we will retain the entire Deposit Fee to compensate us for our expenses, and for the time and effort that we expended in reliance upon your Franchise Application and for our lost opportunities. You must also sign the Franchise Termination and Release Agreement included as Exhibit O.

INITIAL FRANCHISE FEE

The Initial Franchise Fee for a Franchise Business varies as follows:

New Franchise[1]	$50,000

Conversion Franchise[2] $35,000

Veteran Franchisee[3] $40,000

1 For the first 5 New Franchises we sell, the Initial Franchise Fee will be discounted by $10,000.

2 If you have an existing dog care business and convert to our brand.

3 If you are an honorably discharged veteran and you meet our qualifications for purchasing a The Village Pup Franchise, we will discount the Initial Franchise Fee by 20% ($10,000).

<u>TECHNOLOGY SET UP FEE</u>

In consideration of providing you an e-mail account and 5 e-mail addresses, Your Home Page on our Website, and The Village Pup Mobile App, you will pay us an initial set up fee of $2,900.

<u>DEVELOPMENT FEE</u>

When you sign the Area Development Agreement, you will pay us a Development Fee equal to $17,500 times the number of Franchise Businesses you agree to develop under the Area Development Agreement plus the Initial Franchise Fee for your 1st Franchise Business. When you sign a Franchise Agreement for each Franchise Business developed (other than the 1st Franchise Business), you will receive a credit of $17,500 against the Initial Franchise Fee then due.

<u>TRAINING FEES</u>

If you elect to have more than 4 Trainees attend Initial Training, you must pay us a training fee for each additional person (currently $1,500) and pay all their expenses.

<u>REFUNDABILITY OF INITIAL FEES</u>

We fully earn the Development Fee and it becomes non-refundable upon signing the Area Development Agreement. .We fully earn the Initial Franchise Fee and it becomes non-refundable, except as provided below. If: (i) any Trainee who is required to complete successfully our initial training program to our satisfaction and fails to do so; or (ii) you fail to obtain an approved Location for the Franchise Business within 150 days from the Agreement Date, we may elect to terminate the Franchise Agreement. If we terminate the Franchise Agreement for either of these reasons, we will refund to you 50% of the Initial Franchise Fee without interest. We will retain the balance to compensate us for our costs and expenses for the assistance we have provided to you under the Franchise Agreement and for our lost opportunities. If you fail to open your Franchise Business within 315 days after the Agreement Date, we have the right to terminate the Franchise Agreement and retain the Initial Franchise Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities. You must also sign the Franchise Termination and Mutual Release Agreement included as Exhibit O.

Uniformity of Initial Fees

The Development Fee and Initial Franchise Fee are uniform to all Franchisees currently purchasing Development Rights and/or a Franchise Business. All other fees may not be uniform.

ITEM 6 - OTHER FEES

Franchise Agreement

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee[1]	6% of weekly Gross Revenues	The Royalty Fee does not begin until the 4th calendar month after the Opening Date for your first Franchise Business and the 3rd calendar month for any subsequent Franchise Business you open. Payable bi-weekly on the 15th and the last day of each month by EFT	"Gross Revenues" means the entire amount of all your revenues generated from the ownership or operation of the Franchise Business as more particularly defined in the Franchise Agreement.
Advertising Contributions to the Media Fund[1]	1% of monthly Gross Revenues	By EFT on the 1st day of each month	We have not yet created the Media Fund. We define "Gross Revenues" under Royalty Fee above.
Advertising Contributions to an Advertising Cooperative[3]	Between 1% and 2% of monthly Gross Revenues, which counts towards Local Advertising requirement	By EFT on the 1st day of each month	You agree that we have the right to establish a Regional Advertising Cooperative in any DMA. Upon our request, you will immediately become a member of the Regional Advertising Cooperative for the DMA that includes your Limited Protected Territory.
Supplier Approval Cost[1]	Actual Costs to Us (not to exceed $1,000)	Immediately upon receipt of invoice	You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed $1,000)

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Training Fees[1]	$1,500	Immediately upon receipt of invoice	For any Initial Training required for more than 4 trainees, you must pay our standard training fee (currently $1,500). You are solely responsible for all travel, meals and lodging costs for your attendees.
New General Manager Training Fee[1]	$5,000	Immediately upon receipt of invoice	You are solely responsible for the expenses associated with Initial Training of the replacement General Manager including the then-prevailing standard training fee we charge (currently $5,000).
Additional Training Programs	$300 per day for each attendee at our Corporate Office or $1,000 per day if conducted at your business Premises	Immediately upon receipt of invoice	You are solely responsible for all expenses associated with these additional training programs including our then-prevailing training fee we charge for these programs (currently $300 per day for each attendee) and all travel, meals and lodging costs of your attendees. If additional training is conducted at your Business Premises, you will us a per diem fee of $1,000 per day and all travel, meals and lodging costs of our trainers.
Fees for Special Assistance[1]	$1,000 per day	Immediately upon receipt of invoice	At your request and based on the availability of our staff, we will provide on-location non-routine guidance and assistance to address your unusual or unique operating issues at our reasonable per diem fee (currently $1,000 per day) and our out-of-pocket expenses including travel, meals and lodging costs of our representative.
Insurance Reimbursement[1]	Cost of the insurance, interest on the monies we advance and a 15% administrative fee	Immediately upon receipt of invoice	If you fail to maintain the insurance that we require under the Franchise Agreement, we may obtain the insurance on your behalf.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional E-mail Address Fee[1]	Any additional e-mail accounts above 5, we will charge you fee (currently $10 per month for each additional account).	By EFT on the 1st day of each month	We provide you up to 5 e-mail addresses, limited to Franchise Owners, the Designated Representative, your General Manager and supervisors. Any additional e-mail accounts will be provided at a cost of $10 per month.
Mystery Shopper Fee[2]	Actual cost	Immediately upon receipt of invoice	We may conduct up to 2 mystery shops per year of your Franchise Business at our expense. If additional mystery shops are determined to be necessary due to our discovery of deficiencies in your operation, you will be responsible for paying the cost.
Reimbursement of Audit Costs[1]	Actual cost to us (estimated to range from $2,000 to $10,000)	Immediately upon receipt of invoice	We have the right to have an audit made of your records and conduct a physical inventory. If any inspection discloses an understatement of any reported amount of any type, in any report, of 2% or more of Gross Revenues, you will pay us the amount of the understatement and reimburse us for all expenses of the inspection (including reasonable accounting and attorneys' fees and costs).
Management Fee[1]	$1,000 per week plus 10% of Gross Revenues	By EFT on Monday of each week	If we elect to operate your Franchise Business, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee for our management of your Franchise Business.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Our Attorneys' Fees[1]	Actual costs incurred	Immediately upon receipt of invoice	If we engage our legal counsel for your failure to pay when due any monies owed under the Franchise Agreement or to submit when due any reports, information or supporting records, or for any failure otherwise to comply with the Franchise Agreement, and our counsel sends you a Notice of Default or a Notice of Termination, you must reimburse us on demand for all of the attorney's fees and costs incur. You will also reimburse us $1,500 for our attorney's fees in connection with the closing of the purchase of the Franchise (or $2,000 if an Area Development Agreement is also signed); $2,500 for our attorney's fees in connection with the sale of the Franchise Business; and $1,500 for our attorney's fees in connection with the renewal of the franchise relationship.
Transfer Fee[1]	$5,000 to $25,000	When you sell transfer the assets comprising the Franchise Business or transfer the Franchise Agreement to your Business Entity	If you sell the assets comprising your Franchise Business under Subsection 10.2(b) of the Franchise Agreement, you must pay us a Transfer Fee of $25,000. If we permit you to transfer the Franchise Agreement under Subsection 10.2(c) of the Franchise Agreement (transfer to your Business Entity), you will pay us a Transfer Fee of $5,000.
Relocation Fee[1]	Our costs incurred in assisting you with relocation plus a 15% administrative fee.	When you relocate	If you must relocate your Franchise Business, you will reimburse us for our costs incurred in assisting you with relocation plus a 15% administrative fee.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Fee for Lost Operation & Policies Manual[1]	$500	Immediately upon receipt of invoice	Upon the theft, loss or destruction of any of the Operation & Policies Manual, we will loan you a replacement copy. We consider a partial loss or failure to update any of the Operation & Policies Manual as a complete loss.
Liquidated Damages for Unauthorized Access to Intranet[1]	$5,000	Immediately upon receipt of invoice	You may not allow any unauthorized person to access our Intranet and the information it contains. If you do so, you will pay us liquidated damages of $5,000.
Interest on Late Payments[1]	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.	Immediately upon receipt of invoice	If any payment under the Franchise Agreement or any other agreement between us and you is overdue for any reason, you must pay to us, on demand interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.
Insufficient Funds Charges[1]	$25	Immediately upon receipt of invoice	If you deliver a check which is returned due to insufficient funds or is otherwise not paid, we may assess you a service charge of the highest amount permitted by state law.
Late Charge[1]	$100	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you will pay a late charge for each payment more than 10 days overdue to cover our administrative costs in dealing with the late payment.
Liquidated Damages for Opening Without Our Consent[1]	$500 per day	Immediately upon receipt of invoice	You agree not to open your Franchise Business for business before we have given you our written consent.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Liquidated Damages for Sale of Prohibited Products or Services[1]	$1,000 per day if you offer unauthorized products or services	Immediately upon receipt of invoice	You agree that the offer to sell or the sale of unauthorized or prohibited products and services will result in damages to us.
Liquidated Damages for Violation of Covenant Not to Compete[1]	$1,000 per week	Immediately upon receipt of invoice	In addition to our right to seek injunctive relief, if you compete with us, directly or indirectly, including conspiring with a family member or third party, in violation the Franchise Agreement, we have the right to require that you report to us all sales made by the Competitive Business. and pay us liquidated damages without deeming to have modified the Franchise Agreement.
Liquidated Damages for Premature Termination[1]	A lump sum equal to the total of all Royalty Fees and Advertising Contributions for 36 months	Immediately upon receipt of invoice	This amount is due if you default under your Franchise Agreement in lieu of us having to sue and prove our actual damages. You are also liable for pre-judgment and post-judgment interest and our attorneys' fees and costs. Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief. This payment does not relieve you from your obligations that survive the termination or expiration of the Franchise Agreement including the obligations of indemnification, confidentiality and non-competition.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Indemnification[1]	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs), from claims brought by third parties involving your ownership or operation of your Franchise Business. This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement.
Enforcement Costs[1]	Actual cost to us	Immediately upon receipt of invoice	If any arbitration, legal action or other proceeding is begun for the enforcement of your Franchise Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Franchise Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel for your failure to pay when due any monies owed under your Franchise Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Franchise Agreement, you must reimburse us for all of the Enforcement Costs we incur.

NOTES:

1 All fees are uniformly imposed by us and are payable to us. All fees are non-refundable. All fees may be automatically withdrawn from your account and transferred to our account when due.

2 This fee is imposed or collected by us for a third party

3 This fee is payable to the Cooperative. A Designated Marketing Area ("DMA") is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market. These counties comprise the major viewing audience for the television stations located in their particular metropolitan area. For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. The areas do not overlap, and every county in the United States belongs to only one DMA.

AREA DEVELOPMENT AGREEMENT

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Late Charge[1]	$100	Immediately upon receipt of invoice	In addition to interest on overdue amounts, you will pay a late charge for each payment that is more than 10 days overdue to cover our administrative costs in dealing with the late payment.
Transfer Fee[1]	$10,000	At the time of transfer	If you intend to transfer the Area Development Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you comply with your obligations under Subsection 10.2(b) of the Franchise Agreements and pay us a transfer fee of $10,000 for the transfer of Area Development Rights
Enforcement Costs[1]	Actual cost to us	Immediately upon receipt of invoice	If any arbitration, legal action or other proceeding is begun for the enforcement of your Area Development Agreement, or for an alleged dispute, breach, default or misrepresentation under any provision of your Area Development Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs. If we engage legal counsel for your failure to pay when due any monies owed under your Area

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			Development Agreement or submit when due any reports, information or supporting records, or for any failure otherwise to comply with your Area Development Agreement, you must reimburse us for all of the Enforcement Costs we incur.
Indemnification[1]	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings), from claims brought by third parties involving your ownership or operation of your Franchise Businesses. This indemnity obligation continues in full effect after the expiration or termination of your Area Development Agreement.

1 This fee is payable to us.

PAYMENTS BY EFT

You will open a separate operating account with a bank for the Franchise Business. You will make all payments to us and our Affiliates from the operating account by the Electronic Payment System that we process at the time any payment is due in accordance with the Authorization Agreement for Credit Card and Direct Withdrawals included as Exhibit I.

GRANT OF SECURITY INTEREST

As security for your obligations to us under the Franchise Agreement or any other agreement, you will grant to us a first priority security interest in the assets comprising your Franchise Business. You will sign the Security Agreement, and authorize us to record the UCC-1 Financing Statement and Rider included in Exhibit M. You will pay all filing fees and costs for perfecting our security interest.

REFUNDABILITY

All fees are nonrefundable.

UNIFORMITY

The expenses in this ITEM are uniformly imposed for persons currently offered a Franchise Business and/or Area Development Rights.

ADVERTISING COOPERATIVES – VOTING POWER OF COMPANY-OWNED UNITS

We have not established advertising cooperatives. Once formed, Company-Owned Units whose limited protected territories are located within the DMA of the advertising cooperative must join the advertising cooperative and will have the same voting power as Franchise Units on all matters including fees. DMA means a Designated Marketing Area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market. These counties comprise the major viewing audience for the television stations located in their particular metropolitan area. For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. The areas do not overlap, and every county in the United States belongs to only one DMA. If we create advertising cooperatives, the obligation of each Unit to contribute to an advertising cooperative will be 2% of monthly Gross Revenues. We will credit these contributions against your obligation for Local Advertising and Marketing.

ITEM 7 – ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - SINGLE UNIT FRANCHISE

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Deposit Fee[1]	$25,000	Lump Sum	On signing the Deposit Agreement, if any	Us
Initial Franchise Fee[2]	$50,000	Lump Sum	On signing the Franchise Agreement less any Deposit Fee	Us
Grand Opening Advertising[3]	$15,000	As Incurred	During the period beginning 4 weeks before opening and the first 90 days after opening	Various Local Media and/or Advertising Agency
Prepaid Rent and Security Deposit[4]	$17,500 to $75,000	As Incurred	Before beginning business	Per agreement with landlord
Leasehold Improvements[5]	$100,000 to $350,000	As Incurred	Before beginning business	Various contractors/ suppliers
Architect's and Engineer's Fees[6]	$5,000 to $30,000	Lump Sum	Before beginning business	Architect

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Furniture, Fixtures, Equipment and Decor[7]	$15,000 to $30,000	Lump Sum	Before beginning business	Third Party Vendors
Computer/POS Systems[8]	$1,500 to $5,000	As Incurred	Before beginning business	Third Party Vendor
Signage[9]	$1,000 to $8,500	Lump Sum	Before beginning business	Third Party Vendors
Utility Deposits[10]	$-0- to $1,000	Lump Sum	Before beginning business	Utility companies
Office and Store Supplies[11]	$2,500 to $4,500	Lump Sum	Before beginning business	Third Party Vendor
Opening Inventory[12]	$500 to $2,500	Lump Sum	Before beginning business	Suppliers
Technology Fee[13]	$2,900	Lump Sum	On signing the Franchise Agreement	Us
Insurance[14]	$13,500 to $16,000	Lump Sum	Before beginning business	Insurance Agent or Company
Licenses and Permits[15]	$1,500 to $7,500	As Incurred	Before beginning business	Governmental Authorities
Attorney's Fees[16]	$1,500 to $10,000	Lump Sum	Before beginning business	Attorney
Accountant's Fee[17]	$500 to $2,500	Lump Sum	Before beginning business	Accountant
Travel, Lodging, Meals, Etc. for Initial Training[18]	$1,000 to $5,000	As Incurred	Before Beginning Business	Airlines, Hotels and Restaurants
Additional Funds[19] (3 to 6 months)	$25,000 to $150,000	As Incurred	During the first 3 to 6 months of operation	Third Parties
TOTAL	**$278,900 to $773,500**			

NOTES

1 **Deposit Fee** If a location suitable for a Franchise Business does not currently exist, you may request we grant you exclusive rights within a defined Reserved Area (*e.g.*, city, county) and our assistance to obtain an approved location for a Franchise Business. You will sign our form of Deposit Agreement included in Exhibit C and pay us a deposit fee of $25,000. This amount is not included in the" TOTAL" since the entire Initial Franchise Fee is included.

2 **Initial Franchise Fee** The Initial Franchise Fee for a Franchise Business varies as follows:

New Franchise[1]	$50,000
Conversion Franchise[1]	$35,000
Veteran Franchisee[2]	$40,000

1 For the first 5 New Franchises we sell, the Initial Franchise Fee will be discounted to by $10,000.

2 If you are an honorably discharged veteran and you meet our qualifications for purchasing a The Village Pup Franchise, we will discount the Initial Franchise Fee by 20% ($10,000).

3 Grand Opening Advertising. You will implement a grand opening advertising and promotional program for your Franchise Business using our Designated Supplier budgeting at least $10,000 during the period beginning 4 weeks before opening and the first 90 days after opening.

4 **Rent and Security Deposit** We assume that you will lease rather than own real estate and construct a building. Typically, first and last month's rent + 1 month's security deposit, plus 2 additional months of rent payments (for a total of 5 payments). In addition, rent may be subject to state and local tax. The tenant usually pays this tax. Lease costs will vary based upon variances in: (i) size in square feet leased; (ii) cost per square foot; (iii) amount of percentage rent, if any; (iv) the sales figure that percentage rent begins to apply (the "break point"); (v) common area maintenance costs; and (vi) merchant's association costs. These variances are determined by location, the length of the lease, the age of the leased property, local market conditions, the size of the Business Premises and the bargaining power of the developer or the property management company. Frequently, developers will attempt to discuss rent as a percentage of gross receipts as expressed in a cost per square foot. They are accustomed to seeing costs expressed as a percentage of gross revenues.

5 **Leasehold Improvements** You must conform the location to our then-current Trade Dress specifications. The cost of leasehold improvements for your Franchise Business will vary as a function of size, condition and location of the Business Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of your leasehold improvements. The

previous tenant or the landlord may have installed leasehold improvements that are very compatible and reduce your costs. The amounts may be less if the location is currently operating as a dog day care business. All leasehold improvements relate to conforming the Business Premises to our current standards for layout, traffic flow, Trade Dress, and other specifications.

6 **Architect's and Engineer's Fees** You must retain a local architect to conform our standard plans and specification to the approved Location. You may also need to engage an engineer to prepare and seal any applicable drawings in accordance with local code and regulations.

7 **FF&E** You must purchase and/or lease and install the furniture, fixtures, equipment and decor necessary to operate your Franchise Business in accordance with our then-current Trade Dress specifications. The costs will vary according to local market conditions, the size of the Business Premises, your selections made from our approved line of items, price differences among suppliers, the location of the Business Premises and other related factors. You can expect initial cash outlays to be lower if you purchase quality used equipment, you lease the items rather than purchase them, or if any compatible items are included with the lease for the Business Premises.

8 **Computer and POS Systems** Before the Opening Date, you must procure and install at your Franchise Business the Computer and POS Systems and iDogCam video surveillance system that we specify in the Operations and Policies Manual or otherwise in writing. The Computer and POS Systems include all hardware and software used in the operation of the Franchise Business, including a Mac computer, iPads, the KennelLink kennel management software, an electronic point-of-sale system, and back-office programs used to record, analyze, and report sales, labor, inventory and tax information.

9 **Signage** We specify the outdoor and indoor signs and graphics. You must prepare, construct and erect the signs and graphics after obtaining approval from the applicable governmental authority and the landlord. You will maintain the signs and graphics in a condition acceptable to us.

10 **Utility Deposits** You will incur certain deposits with local utilities, for example, electric, telephone, gas, water, etc. These will vary depending on the policies of the local utilities.

11 **Supplies** We will only allow office and store supplies that support the image and positioning of the Business System in the marketplace. Supplies of this nature include the format, type, decoration and style as they relate to store and office supplies, particularly in the area of stationery, boxes, bags and forms. You agree to the importance of image and positioning to the Business System and agree to use only the supplies we specify or otherwise approve. These costs are based upon our estimate of the initial supplies.

12 **Inventory** The opening inventory consists of CDB calming treats, joint supplements, CBD oils, Sunshine foods treats, Mendota slip leads, TVP branded gear

for customers, grooming tools (brushes, combs and dematters), pet correctors, e-collars and prong collars.

13 **Technology Fee** In consideration of providing you an e-mail account and 5 e-mail addresses, Your Home Page on our Website, and The Village Pup Mobile App, you will pay us an initial set up fee of $2,900.

14 **Insurance** As discussed in ITEM 8, we require that you carry certain insurance specified in the Operation & Policies Manual. The method and timing of payments is between you and your insurer. Because the selection of the carrier, size of the Business Premises, location of the Business Premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions vary considerably, it is difficult to estimate the ultimate cost to any given franchisee. In light of the availability of insurance, we estimate the total cost with the caution that you should obtain quotes from carriers of choice before proceeding. Our best estimate is $4,500 to $7,000 per year for insurance coverage other than for workers' compensation insurance and $9,000 per year for workers' compensation insurance assuming gross annual salaries of $300,000, exclusive of payments to you. We base this estimate on the rates in effect in California. The cost of workers' compensation insurance varies from state to state. Your insurance may increase on an annual basis.

15 **Licenses and Permits** Local, municipal, county and state laws and regulations vary on what licenses and permits you must obtain to operate a Franchise Business. These may include state, county and/or municipal licensing, business permit, building permits, fire permits, sales and use license etc. The cost varies by jurisdiction.

16 **Attorney's Fees** You may decide to form a Business Entity to operate the Franchise Business before signing the Franchise Agreement. Otherwise, you must sign the Franchise Agreement individually. You will have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchise Business will be located. These estimates include attorneys' fees, publication fees, filing fees and other costs for business entity formation, compliance with your state's fictitious or assumed name statute and review of this Franchise Disclosure Document, and lease review and negotiation, depending on the scope of representation. These fees may vary from state to state depending on each state's laws and the prevailing rates of attorneys' fees.

17 **Accountant's Fees** We recommend that you retain an accountant to advise you including the preparation of a business plan, tax advice on business entity formation, set up of accounting system, tax planning and compliance.

18 **TL&M** You will be responsible for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for the Trainees. We assume no responsibility for your human resource-related liabilities or costs during Initial Training. You may send up to 4 Trainees as desired to training (but no fewer than 4), of whom at least one must be you or a Franchise Owner. This estimate is based on your sending 4 Trainees. The typical costs of training that you will bear are the Training Fee, transportation, lodging,

compensation and meals for the Trainees. The estimate is for items that are non-discretionary in nature. Generally, these costs vary widely as a function of the distance traveled, the accommodations and restaurants selected, the distance between the hotel and the training center and the transportation selected.

19 **Our Attorney's Fees**. Our attorney will be preparing the Franchise Agreement and ancillary documents to be signed when you purchase a Franchise. If you are purchasing Areas Development Rights, our attorney will be preparing the Area Development Agreement to be signed at the same time you sign the Franchise Agreement for the 1st Franchise Business.

20 **Additional Funds** Our disclosure covers 3 to 6 months. You should have adequate working capital before beginning operating the Franchise Business. You must be able to meet your operating expenses from pre-opening, including hiring and training expenses, until the Franchise Business develops sufficient cash flow to cover all costs. These figures do not include any payments to you during the initial phase of operations. You must have sufficient personal resources to cover your living expenses. We relied on our principals' combined 12 years of experience in the dog daycare, boarding and grooming business in compiling these estimates. You should work with your accountant to develop a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family through the initial phase of operations. Clearly, additional capital requirements will be a function of your decisions regarding nearly every aspect of your Franchise Business, for example, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur.

REFUNDABILITY

To the best of our knowledge, except as described above, these expenditures are not refundable.

YOUR ESTIMATED INITIAL INVESTMENT – CONVERSION FRANCHISEE

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Initial Franchise Fee[1]	$35,000	Lump Sum	On signing the Franchise Agreement	Us
Grand Opening Advertising[2]	$15,000	As Incurred	During the period beginning 4 weeks before opening and the first 90 days after opening	Various Local Media and/or Advertising Agency
Leasehold Improvements[3]	$50,000 to $350,000	As Incurred	Before beginning business	Various contractors/ suppliers

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Architect's and Engineer's Fees[4]	$0 to $30,000	Lump Sum	Before beginning business	Architect
Furniture, Fixtures, Equipment and Decor[5]	$15,000 to $30,000	Lump Sum	Before beginning business	Third Party Vendors
Computer/POS Systems[6]	$500 to $5,000	As Incurred	Before beginning business	Third Party Vendor
Signage[7]	$1,000 to $8,500	Lump Sum	Before beginning business	Third Party Vendors
Office and Store Supplies[8]	$0 to $1,000	Lump Sum	Before beginning business	Third Party Vendor
Opening Inventory[9]	$500 to $2,500	Lump Sum	Before beginning business	Suppliers
Technology Fee[10]	$2,900	Lump Sum	On signing the Franchise Agreement	Us
Insurance[11]	$0 to $16,000	Lump Sum	Before beginning business	Insurance Agent or Company
Licenses and Permits[12]	$0 to $7,500	As Incurred	Before beginning business	Governmental Authorities
Attorney's Fees[13]	$1,500 to $10,000	Lump Sum	Before beginning business	Attorney
Accountant's Fee[14]	$500 to $2,500	Lump Sum	Before beginning business	Accountant
Travel, Lodging, Meals, Etc. for Initial Training[15]	$1,000 to $5,000	As Incurred	Before Beginning Business	Airlines, Hotels and Restaurants
Reimbursement of our Attorney's Fees[16]	$1,700 to $2,500	As Incurred	Upon signing Franchise Agreement	Our Attorney
Additional Funds[17] (3 to 6 months)	$25,000 to $150,000	As Incurred	During the first 3 to 6 months of operation	Third Parties

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
TOTAL	**$149,600 to $674,400**			

NOTES

1 **Initial Franchise Fee**. The Initial Franchise Fee for a Conversion Franchise Business is $35,000.

2 **Grand Opening Advertising**. You will implement a grand opening advertising and promotional program for your Franchise Business using our Designated Supplier budgeting at least $10,000 during the period beginning 4 weeks before opening and the first 90 days after opening.

3 **Leasehold Improvements** You must conform the location to our then-current Trade Dress specifications. The cost of leasehold improvements for your Franchise Business will vary as a function of size, condition and location of the Business Premises, price differences among contractors, local wage rates and material costs, other local conditions and the nature of your leasehold improvements. The previous tenant or the landlord may have installed leasehold improvements that are very compatible and reduce your costs. The amounts may be less if the location is currently operating as a dog day care business. All leasehold improvements relate to conforming the Business Premises to our current standards for layout, traffic flow, Trade Dress, and other specifications.

4 **Architect's and Engineer's Fees** If your existing facility requires renovation to conform to our brand standards and specifications, you must retain a local architect to conform our standard plans and specification to the approved Location. You may also need to engage an engineer to prepare and seal any applicable drawings in accordance with local code and regulations.

5 **FF&E** You must purchase and/or lease and install the furniture, fixtures, equipment and decor necessary to operate your Franchise Business in accordance with our then-current Trade Dress specifications. The costs will vary according to your existing FF&E that we may approve you to use, local market conditions, the size of the Business Premises, your selections made from our approved line of items, price differences among suppliers, the location of the Business Premises and other related factors. You can expect initial cash outlays to be lower if you purchase quality used equipment or you lease the items rather than purchase them.

6 **Computer and POS Systems** Before the Opening Date, you must procure and install at your Franchise Business the Computer and POS Systems and iDogCam video surveillance system that we specify in the Operations and

Policies Manual or otherwise in writing. The Computer and POS Systems include all hardware and software used in the operation of the Franchise Business, including a Mac computer, iPads, the KennelLink kennel management software, an electronic point-of-sale system, and back-office programs used to record, analyze, and report sales, labor, inventory and tax information. If you already own the required computer equipment, your costs may be on the lower end of the investment range listed.

7 **Signage** We specify the outdoor and indoor signs and graphics. You must prepare, construct and erect the signs and graphics after obtaining approval from the applicable governmental authority and the landlord. You will maintain the signs and graphics in a condition acceptable to us.

8 **Supplies** We will only allow office and store supplies that support the image and positioning of the Business System in the marketplace. Supplies of this nature include the format, type, decoration and style as they relate to store and office supplies, particularly in the area of stationery, boxes, bags and forms. You agree to the importance of image and positioning to the Business System and agree to use only the supplies we specify or otherwise approve. These costs are based upon our estimate of the initial supplies and the likelihood that you already have certain supplies that meet our standards.

9 **Inventory** The opening inventory consists of CDB calming treats, joint supplements, CBD oils, Sunshine foods treats, Mendota slip leads, TVP branded gear for customers, grooming tools (brushes, combs and de-matting combs), pet correctors, e-collars and prong collars.

10 **Technology Fee** In consideration of providing you an e-mail account and 5 e- mail addresses, Your Home Page on our Website, and The Village Pup Mobile App, you will pay us an initial set up fee of $2,900.

11 **Insurance** As discussed in ITEM 8, we require that you carry certain insurance specified in the Operation & Policies Manual. If your current insurance coverage does not fully meet our requirements, you must purchase additional insurance or a new policy. The method and timing of payments is between you and your insurer. Because the selection of the carrier, size of the Business Premises, location of the Business Premises, value of the leasehold improvements, amount of inventory, amount of wages and other related conditions vary considerably, it is difficult to estimate the ultimate cost to any given franchisee. In light of the availability of insurance, we estimate the total cost with the caution that you should obtain quotes from carriers of choice before proceeding. Our best estimate is $4,500 to $7,000 per year for insurance coverage other than for workers' compensation insurance and $9,000 per year for workers' compensation insurance assuming gross annual salaries of $300,000, exclusive of payments to you. We base this estimate on the rates in effect in California. The cost of workers’ compensation insurance varies from state to state. Your insurance may increase on an annual basis.

12 **Licenses and Permits** Local, municipal, county and state laws and regulations vary on what licenses and permits you must obtain to operate a Franchise Business. These may include state, county and/or municipal licensing, business permit, building permits, fire permits, sales and use license etc. The cost varies by jurisdiction and whether you currently have the required licenses and permits to do business.

13 **Attorney's Fees** You may decide to form a Business Entity to operate the Franchise Business before signing the Franchise Agreement. Otherwise, you must sign the Franchise Agreement individually. You will have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchise Business will be located. These estimates include attorneys' fees, publication fees, filing fees and other costs for business entity formation, compliance with your state's fictitious or assumed name statute and review of this Franchise Disclosure Document, and lease review and negotiation, depending on the scope of representation. These fees may vary from state to state depending on each state's laws and the prevailing rates of attorneys' fees.

14 **Accountant's Fees** We recommend that you retain an accountant to advise you including the preparation of a business plan, tax advice on business entity formation, set up of accounting system, tax planning and compliance.

15 **TL&M** You will be responsible for all out-of-pocket expenses, workers' compensation insurance and all employee compensation along with federal and state taxes for the Trainees. We assume no responsibility for your human resource- related liabilities or costs during Initial Training. You may send up to 4 Trainees as desired to training (but no fewer than 4), of whom at least one must be you or a Franchise Owner. This estimate is based on your sending 4 Trainees. The typical costs of training that you will bear are the Training Fee, transportation, lodging, compensation and meals for the Trainees. The estimate is for items that are non- discretionary in nature. Generally, these costs vary widely as a function of the distance traveled, the accommodations and restaurants selected, the distance between the hotel and the training center and the transportation selected.

16 **Our Attorney's Fees**. Our attorney will be preparing the Franchise Agreement and ancillary documents to be signed when you purchase a Franchise. If you are purchasing Areas Development Rights, our attorney will be preparing the Area Development Agreement to be signed at the same time you sign the Franchise Agreement for the 1st Franchise Business.

17 **Additional Funds** You should have adequate working capital before beginning operating the Franchise Business. You must be able to meet your operating expenses from pre-opening, including hiring and training expenses, until the Franchise Business develops sufficient cash flow to cover all costs. These figures do not include any payments to you during the initial phase of operations. You must have sufficient personal resources to cover your living

expenses. We relied on our principals' combined 12 years of experience in the dog daycare, boarding and grooming business in compiling these estimates. You should work with your accountant to develop a personal/family cash flow budget and determine if there is sufficient revenue on the personal level to provide for your family through the initial phase of operations. Clearly, additional capital requirements will be a function of your decisions regarding nearly every aspect of your Franchise Business, for example, the size of the payroll, rent, utilities, size of the operation and many other expenses that you decide to incur.

REFUNDABILITY

To the best of our knowledge, except as described above, these expenditures are not refundable.

YOUR ESTIMATED INITIAL INVESTMENT - AREA DEVELOPMENT AGREEMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
Development Fee[1]	$17,500 for each Franchise Business to be developed plus the Initial Franchise Fee for the 1st Franchise Business (credited against Initial Franchise Fees).	Lump Sum	On signing the Area Development Agreement	Us
Initial Investment for 1st Franchise Unit	$265,600 to $776,000	As Incurred	As stated in invoices	Us and other Suppliers

1 **Development Fee** When you sign the Area Development Agreement, you will pay us a Development Fee equal to $17,500 times the number of Franchise Businesses you agree to develop under the Area Development Agreement plus the Initial Franchise Fee for your 1st Franchise Business. When you sign a Franchise Agreement for each Franchise Business developed (other than the 1st Franchise Business), you will receive a credit of $17,500 against the Initial Franchise Fee then due.

Our Experience in Compiling these Estimates

We relied on our principals' combined 12 years of experience in the dog daycare, boarding and grooming business in compiling these estimates. You should review these figures carefully with a business advisor before making any decisions to purchase a Franchise Business.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Franchise Agreement

Purchases from Us, Our Designated Suppliers, Approved Suppliers or Under Our Specifications

You must purchase or lease the following goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate or comparable items related to establishing or operating your Franchise Business from us, from our Designated Suppliers, from Approved Suppliers we approve or under our specifications.

Purchases from Us

There are no products or services that you must purchase from us or our Affiliates.

Purchases from Our Designated Suppliers

A Designated Supplier is one particular supplier from whom you must purchase certain goods or services. At present, the following are our Designated Suppliers:

POS System

First Data Merchant Services, LLC d/b/a Clover Business Solutions is the Designated Supplier of the P.O.S. System.

Software

The computer software package developed for use in the Franchise Business includes proprietary KennelLink kennel management software developed by Kennel Link, LLC and the Clover® Business POS System developed by Clover Network Inc. We recommend that you purchase a license to use the QuickBooks Online accounting system from Intuit Inc. However, you are permitted to use any accounting system you and your CPA elect to use.

Uniforms, Branded Apparel and Other Branded Products.

You must purchase your employees' uniforms, branded apparel and other branded products from JP Sports and More.

In-Store Music System

You must subscribe to Sirius XM Satellite Radio from Sirius XM Holdings Inc. You may only broadcast the radio stations we approve as outlined in the Operation & Policies Manual or otherwise in writing.

Web Cameras

You must purchase web cameras from iDog Cam.

We may change our Designated Suppliers and/or the items you must purchase from our Designated Suppliers based on our experience.

PURCHASES FROM APPROVED SUPPLIERS

You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the operation of your Franchise Business only from Approved Suppliers. An Approved Supplier is one of several suppliers that supply the same goods of services. These Approved Suppliers have demonstrated: (i) the ability to meet our standards and specifications for these items; (ii) possess adequate quality controls and capacity to supply your needs promptly and reliably; and (iii) have been approved in writing by us and not later disapproved. We will use our best reasonable efforts to negotiate agreements with Approved Suppliers that, in our good faith belief, are in the best interest of all Franchise Businesses. We may approve a single Designated Supplier for any brand and may approve a Designated Supplier only as to a certain brand or brands. We retain the right to receive compensation from these Designated and Approved Suppliers for our negotiation. In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services. We may condition approval of a supplier on our requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases. We may grant temporary approval pending our additional evaluation of the supplier.

LIST OF APPROVED SUPPLIERS.

At present, you must purchase certain items from our list of Approved Suppliers contained in the Operation & Policies Manual. We may change our list of Approved Suppliers and the items supplied based on our experience. Neither any Affiliate nor we are Approved Suppliers

RELATED SUPPLIERS

No officer of ours has an ownership interest in any supplier.

APPROVAL OF ALTERNATE SUPPLIERS

Criteria. Our criteria for alternate supplier approval are available to you.

Contact with Alternate Suppliers. If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, you must submit to us a written request for approval, or request the supplier to do so itself.

Procedures for Our Approval. We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities. If we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing. We are not liable for damage to any sample that may result from the testing process.

Fees. You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed $1,000). We may also require as a condition to its approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting our Franchisees and us from all claims from the use of the items within the Business System.

Time Period for Notices. We will give you written notice of our approval or disapproval by regular mail within 10 days after all testing and completion of the above conditions.

Right of Revocation. We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense. We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications. You will receive written notification of approval or disapproval of a supplier within 7 days after we have investigated and inspected the supplier.

PURCHASES UNDER OUR SPECIFICATIONS

We have developed specifications for a number of goods and services. Specifications are available upon request and include minimum standards of quality, construction, economies of scale, name recognition, appearance and function. We may change our specifications as a result from our experience and or changes in the market place or changes in law. We will issue any changes to all Franchisees through changes to the Operation & Policies Manual or otherwise in writing. The categories for these purchases or leases are as follows:

Location Selection Criteria

We will supply you our Location selection criteria. Within 90 days after signing this Agreement, you must find a location that you believe meets our criteria. You must send to us all material information regarding the proposed location including, but not limited to: (a) pictures of the Location; (b) population demographics within a 10-mile radius of the Location; (c) zoning requirements; (d) a conditional use permit if one if required by the local municipality; (e) ingress and egress patterns; (f) the predominant characteristics of the surrounding area; (g) competitive businesses within the area; (h) the nature of other businesses in proximity to the Location; (i) the size, appearance and other physical characteristics of the Location; and (j) a video of the proposed location. We will not unreasonably withhold our approval of any Location meeting our standards.

LEASE OF BUSINESS PREMISES

Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. Our approval will be given when the property owner, you and us sign our form of Agreement with Landlord attached as Exhibit K to the Franchise Disclosure Document. We do not represent that we have any special expertise in negotiating leases. You agree that our approval or disapproval of a proposed lease does not impose any liability on us.

PLANS AND SPECIFICATIONS AND/OR STANDARD RECOMMENDED FLOOR PLAN

We will loan to you our prototype architectural drawings for the Business Premises (which may include sample floor plans) "(Drawings") for the construction of the Business Premises for use by your general contractor and architect to prepare your final plans and specifications. We also loan to you our specifications and standards pertaining to equipment, signage, fixtures, furnishings, accessory features, and design and layout we make available to you (collectively, the "Design Specifications"). The Drawings and Design Specifications may vary in their design and decor by region of the country, at our sole discretion. The Drawings and Design specifications are contained in the Operation & Policies Manual or provided otherwise in electronic or hard copy form. On or before the Opening Date, you must return these Drawings and Design Specifications to us upon our written request.

Insurance

You must purchase and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles as stated in the Operation & Policies Manual or otherwise provided in writing. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise. The insurance company must be reasonably satisfactory to us and have a Best rating of "A" or better. We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time. These include excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required throughout the Network including any Company-Owned Units. These changes and additions to insurance coverage may be required to reflect inflation, the existence of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Local Advertising and Marketing

You must submit to us for our approval all materials used for Local Advertising and Marketing unless the materials have been previously approved by us or the materials consist only of materials we provide. You are free to use your own advertising material only if you have obtained our prior written approval.

COMPUTER AND POS SYSTEMS

First Data Merchant Services, LLC d/b/a Clover Business Solutions is the approved supplier for the P.O.S. System. (see ITEM 11, Computer Systems). There is no Designated Supplier of the iMac Computer System. (see ITEM 11, Computer Systems).

FINANCIAL REPORTING

You must also provide us with regular reports and periodic financial statements in the form we specify.

NO REVENUE FROM REQUIRED PURCHASES OR LEASES BY FRANCHISEES

Neither we nor our Affiliates derived revenues or other material consideration as a result of required purchases or leases to franchisees during the fiscal year ending December 31, 2021. However, we reserve the right to receive compensation in the future from vendors, distributors, printers, promotional suppliers, insurance companies, general contractors and other suppliers we recommend or require.

MAGNITUDE OF REQUIRED PURCHASES OR LEASES

We estimate that the proportion of required purchases and leases to all purchases and leases by you of goods and services is 70% to 85% in establishing the Franchise Business and 25% to 35% in operating the Franchise Business.

PAYMENTS FROM DESIGNATED SUPPLIERS

We reserve the right to receive payments from Designated Suppliers based on your purchases or leases and the purchases or leases of other Franchisees.

PURCHASING OR DISTRIBUTION COOPERATIVES

There are currently no purchasing or distribution cooperatives that you must join or in which you may participate.

NEGOTIATION OF PURCHASE ARRANGEMENTS

We negotiate purchase arrangements with suppliers for your benefit and the benefit of the other franchisees.

MATERIAL BENEFITS

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

AREA DEVELOPMENT AGREEMENT

There is no provision in the Area Development Agreement requiring the purchase or lease of goods or services from us, our Designated Suppliers, approved suppliers or in accordance with our specifications. For each Franchise Business developed pursuant to the Area Development Agreement, you must comply with the requirements set forth in the Franchise Agreement.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

FRANCHISE AGREEMENT

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

Obligation	Section in Franchise Agreement	Franchise Disclosure Document ITEM
a. Site selection and acquisition/lease	Section 2.1(b) and 4.1	ITEMS 6, 7, 8 and 11
b. Pre-opening purchases/leases	Sections 2.2, 4.1, 4.3, 4.4, 4.5, 4.7, 4.8, and 4.9	ITEMS 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 4.2	ITEMS 7, 8 and 11
d. Initial and ongoing training	Sections 2.9, 2.12 and 2.15(i)	ITEMS 6, 7, 8 and 11
e. Opening	Section 4.10	ITEMS 7, 8 and 11
f. Fees	Sections 1.5(e), 2.9(a), 2.15(d). 2.15(i), 2.17, 3.1, 3.4, 4.6(d), 4.7(d), 4.11(a), 4.21, 6.2, 8.3(b), 9.7, 10.2(b)(ii), 10.2(d), 12.9 and 13.1(b) and 17.6	ITEMS 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 2.1, 2.2, 2.3, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 3.3, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.22, 4.24, 5.2, ARTICLES 6 and 7, Sections 8.1, 8.2, 8.4, 9.1, 9.2, 9.3, 9.5, 11.2, 12.7, and 19,2	ITEMS 8, 11 and 14
h. Trademarks and proprietary information	ARTICLES 5, 6 and 14	ITEMS 13 and 14
i. Restrictions on products/services offered	Sections 1.2(c), 1.3(b), 1.4, 4.7, 4.11, 4.12, 4.13(b) and 4.21	ITEMS 8 and 16
j. Warranty and customer service requirements	Sections 4.7(c) and 4.9	ITEM 8
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Sections 4.7 and 4.11	ITEMS 6 and 8
m. Maintenance, appearance and remodeling requirements	Sections 4.4,4.5, 4.12(a), 4.13, and 4.20	ITEMS 6, 7 and 8
n. Insurance	ARTICLE 9	ITEMS 6, 7 and 8
o. Advertising	ARTICLE 7	ITEMS 6, 7, 8 and 11
p. Indemnification	Section 14.2	ITEMS 6 and 8
q. Owner's participation/ management/staffing	Sections 2.9,4.5, 4.6, 4.18, 10.3, 10.4,	ITEMS 6 and 15
r. Records and reports	ARTICLE 8	ITEM 8
s. Inspections and audits	ARTICLE 8	ITEMS 6, 8 and 11
t. Transfer	ARTICLE 10	ITEMS 6 and 17
u. Renewal	Sections 16.2 and 16.3	ITEMS 6 and 17
v. Post-termination obligations	ARTICLE 12	ITEM 17
w. Non-competition covenants	ARTICLE 13	ITEM 17
x. Dispute resolution	ARTICLE 17	ITEMS 6 and 17

Obligation	Section in Franchise Agreement	Franchise Disclosure Document ITEM
y. Liquidated Damages	Sections 4.10(a), 4.21, 6.2(c), 12.9 and 13.`(b)	ITEM 17
z. Guaranty	Exhibit J	ITEM 1

AREA DEVELOPMENT AGREEMENT

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

Obligation	Section in Area Development Agreement	Franchise Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	ARTICLE 3	ITEMS 5 and 6
g. Compliance with standards and policies/Operating Manual	ARTICLE 4	ITEMS 8, 11 and 14
h. Trademarks and proprietary information	Not Applicable	Not Applicable
i. Restrictions on products/services offered	Section 1.1	ITEMS 8 and 16
k. Territorial development and sales quotas	Sections 1.2, 1.3, 1.4, 1.5 and 4.1	ITEM 12
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Not Applicable	Not Applicable
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records/reports	Section 4.2	Not Applicable
s. Inspections/audits	Not Applicable	Not Applicable
t. Transfer	Section 5.2	ITEMS 6 and 17
u. Renewal	Section 6.2	ITEMS 6 and 17
v. Post-termination obligations	Not Applicable	Not Applicable
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Section 9.1	ITEMS 6 and 17
y. Guaranty	Exhibit J	ITEM 1

ITEM 10 - FINANCING

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

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

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

FRANCHISE AGREEMENT

PRE-OPENING OBLIGATIONS

After the parties sign the Franchise Agreement but before you open your Franchise Business, we will provide you with the following assistance and services, as long as you are not in default under your Franchise Agreement:

LOCATION SELECTION ASSISTANCE (Section 2.1 of the Franchise Agreement)

Our Approval of Location. You must obtain our written approval of the proposed Location for the Business Premises for your Franchise Business before you sign a lease or begin any construction. You have 90 days from the Agreement Date to find an approved Location.

Location Selection Criteria. We will supply you our Location selection criteria. You must send to us all material information regarding the proposed location including, but not limited to: (a) pictures of the Location; (b) population demographics within a 10-mile radius of the Location; (c) zoning requirements; (d) a conditional use permit if one if required by the local municipality; (e) ingress and egress patterns; (f) the predominant characteristics of the surrounding area; (g) competitive businesses within the area; (h) the nature of other businesses in proximity to the Location; (i) the size, appearance and other physical characteristics of the Location; and (j) a video of the proposed location. We will not unreasonably withhold our approval of any Location meeting our standards.

Review of Information. We will review the information contained in your location approval submissions on a first-in basis but within 10 days of your submission. If we do not approve the location, you have 30 days in which to submit a new location within the Reserved Area for our written approval. If we deem it necessary to have one of our representatives to perform an on-site evaluation of the proposed location, you will reimburse us for the representative’s costs for travel, meals and lodging.

Approval of Location. We will accept or reject the proposed site in accordance with our then current site selection criteria. The location of The Village Pup Franchise Business is an important and integral part of our brand image. Accordingly, our decision to accept or reject a proposed location rests in our sole discretion and business judgment. Our acceptance of a proposed location must take place in writing to be effective. You agree that once we reject a proposed location, you will not proceed further with developing any rejected location, but will seek to locate an acceptable location. The acquisition by you, in any manner, of any proposed site before our acceptance will take place at your sole risk and responsibility and will not obligate us in any way to accept the location.

Failure to Find Location. If you fail to find a suitable location within 90 days from the Agreement Date that we approve, we have the right to terminate this Agreement and retain 50% of the Initial Franchise Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities. If we terminate the Franchise Agreement, you will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O to the FDD.

LEASE ASSISTANCE

If you intend to lease your Business Premises from a third party, we will advise you in your lease negotiations including giving you our Franchise/Tenant Lease Negotiation Guidelines contained in the Operation & Policies Manual or otherwise provided in writing. Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. Our approval will be given when we, you and the property owner sign our form of Agreement with Landlord attached as Exhibit K to the Franchise Disclosure Document. We recommend you submit the Agreement with Landlord to the landlord at the beginning of your lease review and negotiation, although the terms of the Agreement with Landlord may not be negotiated without our prior approval. If the landlord requires us to negotiate the Agreement with Landlord, we reserve the right to request that you reimburse us for our actual costs associated with the negotiation including our attorneys' fees. You must sign a lease for the approved location within 140 days after the Agreement Date. You must e-mail us a PDF copy of the signed Lease and Agreement with Landlord within 5 days of its signing. [Section 2.2 of the Franchise Agreement.]

PLANS AND SPECIFICATIONS

We will loan to you our prototype architectural drawings for the Business Premises (which may include sample floor plans) "(Drawings") for the construction of the Business Premises for use by your general contractor and architect to prepare your final plans and specifications. We also loan to you our specifications and standards pertaining to equipment, signage, fixtures, furnishings, accessory features, and design and layout we make available to you. (collectively, the "Design Specifications"). The Drawings and Design Specifications may vary in their design and decor by region of the country, at our sole discretion. The Drawings and Design specifications are contained in the Operation & Policies Manual. On or before the Opening Date, you must return these Drawings and Design Specifications to us upon our written request. (Section 2.3 of the Franchise Agreement.)

BUSINESS PLANNING ASSISTANCE

You may prepare your own business plan and/or pro forma financial projections. You understand and agree that we will only review and comment on any business plan and/or pro forma financial projections you prepare after you sign the Franchise Agreement. We may provide you with referrals to companies offering working capital lines of credit, term loans, retirement fund rollover programs, and/or equipment lease financing. (Section 2.4 of the Franchise Agreement.)

WEBSITE; MOBILE APP; INTRANET

We have created a Website, www.thevillagepup.com for use by our Franchisees and us. We will list your Franchise Business on our Website. We have also created a Mobile App for each Franchisee to include the Franchisee's contact page, hours of operation, services offered, links to pup camps, and pricing. We reserve the right to create a Franchise Intranet System and charge you a monthly fee in the future. (Section 2.5 of the Franchise Agreement.)

ACCOUNTING AND INVENTORY CONTROL SYSTEMS

We will provide you with standardized accounting and inventory control systems using the KennelLink kennel management software. (Section 2.6 of the Franchise Agreement.)

LISTS, FORMS AND SCHEDULES. (Section 2.7 of the Franchise Agreement.)

The Operation & Policies Manual and/or supplemental documentation or electronic files include the following for use in the operation of the Franchise Business:

(a) **List of Items**. A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Franchise Business and a list of Designated Suppliers, Approved Suppliers, and product specifications if applicable;

(b) **Specifications**. Specifications for business cards, point-of-sale materials, reporting documents and other business forms and materials we deem necessary for the operation of the Franchise Business that you purchase from Approved Suppliers.

(c) **Reporting**. Requirements regarding your establishment of reporting systems; bookkeeping procedures; and accounting procedures that you must establish and implement at the Franchise Business.

(a) **Forms/Guides.** We will supply you with our form of employee training guide and customer service agreement.

(b) **Materials**. We will loan you copies of our advertising and marketing materials.

These forms and schedules are contained in the Operation & Policies Manual or otherwise provided in writing. You must retain your own legal counsel to review and revise these agreements and forms so they comply with all applicable federal and state laws.

EMPLOYEE INFORMATION AND ASSISTANCE

We will provide you employee hiring information including pay scale guidelines and a standardized interviewing/selection system as described in the Operation & Policies Manual or otherwise provided in writing. No employee of yours is an employee of ours for any purpose whatsoever. You are solely responsible for the hiring, managing, disciplining, supervising, promoting and firing of your employees and the establishment of their work schedules and compensation including rates and method of payment as provided in Section 4.5 of the Franchise Agreement. We do not obtain or retain your employees' employment records. (Section 2.8 of the Franchise Agreement.)

<u>INITIAL TRAINING</u>

We will provide Initial Training for up to 4 Trainees. (Section 2.9 of the Franchise Agreement) We describe the details of Initial Training under the heading "Training Program" below.

<u>LOAN OF THE OPERATION & POLICIES MANUAL</u>

We will loan to you a copy of the Operation & Policies Manual and any supplemental manuals. Our practice is to deliver the Operation & Policies Manual to you after you sign this Agreement and prior to the commencement of Initial Training. We may also provide you an electronic file of the Operation & Policies Manual. (Section 2.10 of the Franchise Agreement.)

<u>PRE-OPENING INSPECTION</u>

We will provide periodic on-Location inspection of the installation of the furniture, fixtures, furnishings, signage and equipment and will generally inspect the Business Premises. We do not deliver or install any of the equipment, fixtures, signs, etc. We will provide you with advice, as we deem appropriate, to ensure that you conform your Business Premises to our applicable standards before the Opening Date. We intend to conduct the on-Location inspection virtually. If we determine an onsite inspection is necessary, you will pay for our costs and expenses. (Section 2.11 of the Franchise Agreement.)

<u>PRE-OPENING ON-LOCATION TRAINING</u>

As part of the Initial Franchise Fee, we will make available to you a minimum of 5 days of on-location assistance and training, in most instances conducted at your Franchise Business shortly before the Opening Date and during the first few days of operation, as we deem appropriate. The on-Location training program will cover material aspects of the operation of the Franchise Business including daily operations, financial controls, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, security standards, promotional techniques, purchasing and sales. You must provide us at least 4 weeks' advanced written notice of your Opening Date to schedule on-Location assistance and training. We do not charge a fee for on-Location assistance and training; however, you are responsible for our representatives' travel-related expenses. (Section 2.12 of the Franchise Agreement.) We provide details under the heading "Training Program."

<u>GRAND OPENING ASSISTANCE.</u>

We will assist you in the grand opening of the Franchise Business including social media promotion and providing you advice and guidance with regard to staffing, advertising, and hosting a grand opening event. (Section 2.13 of the Franchise Agreement.)

<u>ASSISTANCE WE DO NOT PROVIDE</u>

We do not provide assistance with conforming the Business Premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the Business Premises, and or/hiring and training employees. These are your responsibilities.

<u>CERTIFICATE OF PERFORMANCE OF PRE-OPENING OBLIGATIONS</u>

After we have performed all of our pre-opening obligations and you are open for business, we may request you to sign a certification in the form included in the Operation & Policies Manual ("Certificate of Performance") confirming our performance. If, in good faith, you believe that we have not completed certain of our pre-opening obligations, you will note the alleged deficiencies on Schedule A – List of Deficiencies to Certificate of Performance specifically describing the obligations that you believe we have not performed. [Subsection 4.10(c) of the Franchise Agreement]

<u>STATEMENT OF COSTS TO OPEN</u>

Within 3 months after you open, you will prepare and provide us with a complete and detailed written statement in the form contained in the Operation & Policies Manual or otherwise provided in writing containing a breakdown of all costs you incurred in the constructions and operation of the Franchise Business. [Subsection 4.10(d) of the Franchise Agreement]

<u>TIME TO OPEN</u>

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchise Business can vary from 9 to 12 months. The factors that affect this period usually includes the time needed to acquire a Location for your Franchise Business, to negotiate a lease, to arrange for financing, to comply with local ordinances and obtain building permits, to hire and train employees, weather conditions, shortages, or delayed installation of equipment, fixtures, furnishings and signs, other operational issues, and the time when you satisfactorily complete Initial Training. If you fail to open within 315 days from signing the Franchise Agreement, you are in material default under the Franchise Agreement and we have the right to terminate the Franchise Agreement and retain the Initial Franchise Fee. If we terminate the Franchise Agreement you must also sign the Franchise Termination and Release Agreement included in Exhibit O. [Subsection 4.10(b) of the Franchise Agreement]

<u>ONGOING OBLIGATIONS AFTER OPENING</u>

Provided you are not in default under your Franchise Agreement, we will perform the following assistance and services to you during the operation of your Franchise Business:

<u>Field Visits</u>. We will assist you in the continued development and operation of your Franchise Business that may include periodic visits by one of our field representatives. [Subsection 2.15(a) of the Franchise Agreement.]

<u>Assistance by Telephone, E-Mail and Web Meetings</u>. We will provide you with informational assistance by telephone, e-mail and web meetings including consultation on matters involving operations, customer service, advertising, promotion, and business methods. [Subsection 2.15(b) of the Franchise Agreement.]

<u>Website</u>. We will maintain the Website for use by our Franchisees and us in accordance with Section 7.4 of the Franchise Agreement. [Subsection 2.15(c) of the Franchise Agreement].

<u>E-mail Address and Accounts</u>. We will provide you The Village Pup e-mail addresses. We provide you up to 5 e-mail addresses, limited to Franchise Owners, the Designated Representative, your General Manager and supervisors. Any additional e-mail accounts will be provided at a cost of $10 per month. We own these e-mail addresses and accounts. We have established reasonable standards for e-mail accounts and their use, which we may periodically revise. You will have reasonable time within which to upgrade if and when our standards change. From time-to-time, we will send important information to your The Village Pup e-mail address. To stay informed on developments affecting the Business System and your Franchise Business, you agree to check your e-mail at least daily except for Sundays. You must respond to any request we send to you by e-mail that requires a response within 24 hours of your receipt of our e-mail. You must send to us an acknowledgment of receipt of all e-mails we send to you. [Subsection 2.15(d) of the Franchise Agreement.]

Production of Advertising Materials. If we create and implement the Media Fund, we will make available to you various advertising, marketing, and promotional materials for use in your DMA using funds from the Media Fund. [Subsection 2.15(e) of the Franchise Agreement.]

Advertising and Public Relations Campaigns. If we create and implement the Media Fund, we will generally promote the Franchise Businesses through advertising and public relations campaigns using funds from the Media Fund. [Subsection 2.15(f) of the Franchise Agreement.]

Local Advertising and Marketing. We will provide you advice on Local Advertising and Marketing that you conduct in your DMA. [Subsection 2.15(g) of the Franchise Agreement.]

Additional Training. We will provide additional training programs for you and your employees at our Corporate Training Facility if we determine that these training programs are required. You, a Franchise Owner or Designated Representative and your General Manager (if applicable) must attend and successfully complete, to our reasonable and sole satisfaction, a minimum of 75% of additional training programs we designate as required. We will not require additional training more frequently than once a year. However, if you receive an unsatisfactory inspection report from us and fail to promptly remedy the deficiencies, we may require you, a Franchise Owner, Designated Representative or your General Manager and designated employees to attend additional training as soon as reasonably possible. You are solely responsible for all expenses associated with these additional training programs including our then-prevailing training fee we charge for these programs (currently $300 per day for each attendee) and all travel, meals and lodging costs of your attendees. If additional training is conducted at your Business Premises, you will pay us a per diem fee of $1,000 per day and all travel, meals and lodging costs of our trainers. [Subsection 2.15(i) of the Franchise Agreement.]

Special Assistance. At your request and based on the availability of our staff, we will provide on-location non-routine guidance and assistance to address your unusual or unique operating issues at our reasonable per diem fee (currently $1,000 per day) and our out-of-pocket expenses including travel, meals and lodging costs of our representative. [Subsection 2.15(j) of the Franchise Agreement.]

Resolving Operating Problems We will consult with you regarding resolving any operating problems you encounter. [Subsection 2.15(k) of the Franchise Agreement.]

Sublicense of Intellectual Property. Subject to this Agreement, we sublicense to you the right to use the "The Village Pup®" trade name and the other Intellectual Property. (Section 2.16 of the Franchise Agreement.)

<u>OPTIONAL ASSISTANCE AFTER OPENING</u>

Provided you are not in default under your Franchise Agreement, we may, but are not obligated to, perform the following obligations during the operation of your Franchise Business:

<u>Periodic Assistance</u>. We may provide advisory assistance to you in the operation and promotion of the Franchise Business, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the Franchise Business. [Subsection 2.15(h) of the Franchise Agreement.]

<u>Suggested Pricing Policies</u>. We may make suggestions to you with regard to your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the services rendered and products offered at the Franchise Business. We retain the right to establish maximum prices you charge for sales promotions. Any price list we furnish to you are recommendations only. Your failure to accept or implement any suggestion does not affect the relationship between you and us, unless otherwise specifically stated as a maximum price for sale promotions. [Subsection 4.11(i) of the Franchise Agreement]

<u>Our Temporary Operation of Your Franchise Business</u>. (Section 2.17 of the Franchise Agreement.)

Upon the happening of any of the events described below, we have the right (but not the obligation) to enter your Business Premises and to operate and manage your Franchise Business on your (or your estate's) account until this Agreement is terminated, the assets are transferred to a party under Subsection 10.2(b) of the Franchise Agreement, we purchase the assets, or until you resume control over your Franchise Business and you operate the Franchise Business in accordance with this Agreement. We may temporarily operate your Franchise Business on your behalf:

Cessation of Business. If you fail to operate your Franchise Business 365 days per year or you abandon the Business Premises and cease operating the Franchise Business without our prior written consent, unless due to Force Majeure.

<u>Death or Incapacity</u>. If you, a Franchise Owner or Designated Representative dies or becomes permanently incapacitated, and the assets comprising the Franchise Business or the ownership interests in the Franchisee, if a Business Entity, are not assigned promptly under Section 10.4 of the Franchise Agreement.

<u>Material Breach</u>. If you materially breach any of our standards and specifications for the operation of your Franchise Business after we have given any required written notice and any applicable cure period has expired.

<u>Our Purchase of Assets</u>. If we elect to terminate this Agreement and we elect to purchase the assets comprising the Franchise Business as provided in Section 12.4 of the Franchise Agreement..

If we elect to operate your Franchise Business, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee of $1,000 per week plus 10% of Gross Revenues (in addition to Royalty Fees and any Advertising and

Marketing Contributions) for our management of your Franchise Business. Our operation and management will not continue for more than 30 days, but is renewable as necessary for up to 1 year. We will periodically discuss the status with you or the representatives of your estate.

ADVERTISING PROGRAMS UNDER FRANCHISE AGREEMENT

GRAND OPENING ADVERTISING PROGRAM

You will implement a grand opening advertising and promotional program for your Franchise Business using our Designated Supplier budgeting at least $15,000 during the period beginning 4 weeks before opening and the first 90 days after opening. (Section 7.1 of the Franchise Agreement)

YOUR LOCAL ADVERTISING AND MARKETING (Section 7.2 of the Franchise Agreement)

Your Expenditures. You must spend at least 2% of Gross Revenues for Local Advertising and Marketing during each month of operation. This is in addition to the Grand Opening Advertising Program.

Visits to Referral Sources. You must also make contact on or before you open and thereafter once a month to local veterinarian offices, pet supply stores, doggie washes, etc. to introduce The Village Pup to the community.

Our Approval. You must submit to us for our approval all materials used for Local Advertising and Marketing, unless we have previously approved the materials or the materials consist of materials we have provided. All materials containing the Intellectual Property must include the applicable designation - service mark℠, trademark™, registered® or copyright©, or any other designation we specify. If you have not received our written disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System. You will have 5 days after you receive our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing. Your submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services.

Franchise Opportunities Available. Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Business Premises as well as on all menus, containing substantially the following statement: "The Village Pup Franchise Opportunities Available." You must immediately refer all responses to us at TVPFranchiseinfo@pupemail.com or any other email we designate and include our corporate phone number. You have no authority to act for us in franchise sales.

Social Media. You cannot engage in social media concerning the Franchise Business without our prior written consent. We may require that you purchase social media management services from our Designated Supplier. All content on your Facebook, Twitter, Instagram, etc. representing The Village Pup cannot be posted without our prior written consent. All such content remains our exclusive property.

Participation in Certain Promotions. You must participate in all required advertising and promotional programs we establish.

No Political Advertising. You will not allow any political advertising at the Franchise Business and not allow the use of our trademarks by your employees, relatives or friends to any political candidates or any other purpose that is unrelated to the Franchise Business.

Community Donations. You are required to support local community fund-raising efforts (that are not politically or religiously motivated) once a year per organization not to exceed $500 per contribution up to an annual cap of $2,500. You may contribute above the $500/$2,500 thresholds at your sole discretion.

Advertising Restrictions. You will not advertise, market or otherwise solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising, marketing or solicitation method without our prior written consent.

INTERNET ADVERTISING AND MARKETING/WEBSITE (Section 7.4 of the Franchise Agreement)

Website. We will list your Franchise on our home page of our Website. We maintain sole and exclusive rights to all content and information displayed or collected on our Website. The content and information includes, but is not limited to, company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, franchise information, product and/or service information and all other information that we may designate in writing.

Your Home Page. We will provide you with a customizable home page ("Your Home Page") that we must approve. We will place Your Home Page on our Website to promote the Franchise Business. We prohibit you from offering or selling products through the Internet. You must adhere to the methods and procedures we provide for uploading content and managing Your Home Page. You must secure our written permission if you desire to link Your Home Page to other websites on the Internet. We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page. We maintain all rights of ownership in and to Your Home Page. We may discontinue making Your Home Page accessible to you upon 30 days' written notice, if you are in breach of this Agreement, if we terminate this Agreement or if this Agreement expires and is not renewed.

Access. We may permit you access to password protected areas within our Website to assist you in the operation of your Franchise Business. We may rescind these rights if you violate the conditions and terms of use as contained in the Operation & Policies Manual or otherwise in writing. We prohibit you from adding to, deleting, or modifying any of the content of the Website without our written permission. You acknowledge that certain information related to your participation in our Website or future Intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Website and future Intranet system, or otherwise use the Trademarks or Business System on the Internet or other online communications terminates when this Agreement expires or terminates.

Domain Name. We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Franchise Business or the products or services without our prior written consent. We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System.

Coupons. We are the sole controlling agent for any social media coupon advertising promotion. Any non-approved discounting on rates or any non-approved promotions without our prior written approval is strictly forbidden.

REGIONAL COOPERATIVE ADVERTISING (Section 7.3 of the Franchise Agreement)

You agree that we have the right to establish a Regional Advertising Cooperative in any DMA. Upon our request, you will immediately become a member of the Regional Advertising Cooperative for the DMA that includes your Limited Protected Territory. Your Franchise Business does not have to be a member of more than 1 Regional Advertising Cooperative. All Company-Owned Units within your DMA must also become members of the Regional Advertising Cooperative. There will be governing documents available for your review.

Purposes of Regional Advertising Cooperative. We will organize the Regional Advertising Cooperative for the exclusive purposes of administering advertising programs and developing standardized promotional materials for use by its members. The Regional Advertising Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures. The rules and procedures must not restrict or expand your rights or obligations under this Agreement. Except as otherwise contained in the Franchise Agreement, and subject to our approval, any lawful action of the Regional Advertising Cooperative at a meeting attended by 67% of the members, including assessments for Local Advertising and Marketing, binds you if approved by 67% of the members present. Each Franchised Unit and Company-Owned Unit has 1 vote; however, no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Regional Advertising Cooperative regardless of the number of Franchise Businesses owned by any Franchisee.

Our Approval of Advertising. We must approve in writing all advertising or promotional plans or materials the Regional Advertising Cooperative proposes to use or furnish to its members. The Cooperative must submit to us all plans and materials in accordance with the procedure stated in Subsection 7.2(c) of the Franchise Agreement.

Members' Contributions to Cooperative. The Regional Advertising Cooperative has the right to require each of its members to contribute to the Regional Advertising Cooperative the same amount not to exceed 2% of that member's monthly Gross Revenues. We credit this amount against your obligation for Local Advertising and Marketing as provided by Subsection 7.2(a) of the Franchise Agreement. Each member will submit to the Regional Advertising Cooperative, no later than the 10^{th} day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports the Regional Advertising Cooperative or we require.

Quarterly Reports. The Cooperative will prepare quarterly unaudited reports of its advertising and marketing expenditures. The reports will be sent by the Cooperative to its members and to us.

Impasses. If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Regional Advertising Cooperative, the issue, upon request of a member of the Regional Advertising Cooperative, will be submitted to us for consideration. Our resolution of the issue is final and binding on all members of the Regional Advertising Cooperative.

Changes, Dissolution or Merger of Cooperatives. We have the right to form, change, dissolve or merge any Cooperative.

MEDIA FUND (Section 7.5 of the Franchise Agreement.)

Right to Create. We have the right to create a special fund called the "The Village Pup Media Fund" (the "Media Fund"), into which we will deposit the Advertising and Marketing Contributions described in Subsection 3.1(f) of the Franchise Agreement to be used for the creation of branding The Village Pup name for the benefit of all Franchise Units and Company-Owned Units who contribute to the Media Fund.

Administration. We will administer the Media Fund. We use the funds in the Media Fund to pay for the costs of creating various advertising, marketing, and promotional materials that we deem beneficial to the Business System. We also use the funds in the Media Fund to pay the costs of conducting regional and/or national advertising and promotional activities (including the cost of producing advertising campaigns and marketing materials, conducting test marketing and marketing surveys, and public relations activities) that we deem beneficial to the Business System. We do not have to spend any contributions to the Media Fund in your Limited Protected Territory. We are not obligated to contribute additional funds to the Media Fund other than contributions from Company-Owned Units. We can charge the Media Fund for our costs for services we provide, in lieu of engaging third party agencies to provide these services. We will not use any of the funds to offer or sell The Village Pup Franchises to prospective franchisees.

Expenditures. All expenditures are at our sole discretion. We may spend in any calendar year more or less than the total Advertising and Marketing Contributions to the Media Fund in that year. We may loan to the Media Fund or borrow from other lenders for the Media Fund to cover deficits of the Media Fund or cause the Media Fund to invest any surplus for future use by the Media Fund. We will carry any monies not spent by the Media Fund in any particular year to fund production expenses in the next year.

Annual Report. We will prepare an annual report of the receipts and expenditures of the Media Fund and send a copy of the report to you and all other Franchisees within 150 days after the end of each fiscal year. This Media Fund will not be audited.

Content and Concepts. We retain sole discretion over all advertising, marketing and public relations programs and activities financed by the Media Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. You agree that the Media Fund may be used to pay the costs of preparing and producing associated materials and programs that we determine, including video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, social media programs, and employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities.

Advertising and Marketing Contributions by Us. Company-Owned Units are required to contribute to the Media Fund and any Cooperative on the same basis that Franchised Units are required to contribute. We do not have to use any of our other funds on the advertising programs for the franchise system.

Termination of Expenditures. We maintain the right to terminate the collection and disbursement of the Advertising and Marketing Contributions and the Media Fund. Upon termination, we will disburse the remaining funds to existing Franchised Units and Company-Owned Units on a *pro-rata* basis based on their relative amount of contributions.

ADVERTISING RECEIPTS AND EXPENDITURES FOR FISCAL YEAR 2021

For the fiscal year ending December 31, 2021 the Media Fund did not exist.

FRANCHISEE ADVERTISING COUNCIL

There is no advertising council composed of Franchisees.

OTHER ADVERTISING FUNDS

We have no other advertising funds. There may be additional advertising requirements contained in the lease of your Business Premises. The extent of these advertising requirements may be subject to negotiation; consequently, the extent of any advertising obligation may be unknown to us.

ADVERTISING FOR SOLICITATION OF NEW FRANCHISE SALES

We do not use any of the funds in the Marketing Fund for the solicitation of new franchise sales.

COMPUTER SYSTEM

You must purchase or lease the following Computer System to operate a Franchise Business:

Hardware. The Computer System consists of the following hardware:

- iMac computer compatible with current IOS system
- External hard drive with at least 8 Terabits memory
- Multifunction Printer
- High-speed modem
- Wireless Router
- Document Scanner

Software. You must use the following software:

- KennelLink
- Microsoft WORD
- Microsoft Excel
- Static IP addresses
- Business e-mail account

POS SYSTEM

You must purchase or lease the Clover System and use the KennelLink Software to operate a Franchise Business:

Cost of the Computer System. The cost of the Computer System ranges from $1,200 to $2,000, excluding sales or uses taxes and shipping.

Cost of the KennelLink. The cost of the KennelLink system ranges from $75 to $300 per month depending on the services used.

Cost of the Clover System. The cost of the Clover System is $900 plus $45 per month.

IPADS

You must purchase and install 3 to 5+ iPads depending on the configuration of the Business Premises from any Approved Supplier. We will advise you regarding the recommended number of iPads for your Franchise Business.

Ongoing Maintenance, Repairs, Upgrades or Updates. We are not obligated to provide with ongoing maintenance, repairs, upgrades or updates to you. You must make periodic upgrades and updates to the Computer and POS Systems' software that we make available for your Franchise Business. There are no contractual limitations on the frequency and cost of this requirement.

Type of Data Generated and Stored. The Computer and POS Systems are comprised of a iMac Computer, Clover Merchant Services System, and the KennelLink System. Our Affiliates have operated these Computer and Merchant Services Systems and KennelLink System since 2014. The principal functions of the KennelLink System are to track all business through all channels (daycare, grooming, and boarding reservations, daily movement of dogs through all 3 services; retail inventory management and selling products; administrating Bordetella, pet shampoos, etc.), sales, refunds, deleted transactions, daily pup counts, customer information, and various financial information to prepare store reports.

Our Independent Access to Your Data. We will have independent electronic access via the Internet to the information that the Computer, POS Merchant Services System and the KennelLink System generate. There are no contractual limitations on our right to access this information about your Franchise Business. You agree that we have the right to retrieve all data and information from your Computer, POS Merchant Services System and KennelLink System, as we deem necessary.

OPERATION & POLICIES MANUAL

After you have signed your Franchise Agreement and shortly before Initial Training, we will loan you a copy of our Operation & Policies Manual. The approximate total number of pages in the Operation & Policies Manual as of the date of this Franchise Disclosure Document is 501 pages. The Table of Contents of the Operation & Policies Manual, along with number of pages devoted to each section, is included as Exhibit P.

TRAINING OF FRANCHISEES

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
TVP - Mission, Vision and Purpose - Why you chose TVP - TVP philosophy **Understanding Site Selection and Layout** - facility tour	8	0	Corporate Office and/or TVP Company-Owned Locations
Setting up the day/yard White board, staffing (breaks & lunches), Meet and Greets, Daily checklist, to-do list, yard log, water, pool tablet, leashes, collars, e-collars	3	5	Corporate Office and/or TVP Company-Owned Locations
Differentiators Preventative, customer experience (yard), culture, staffing	1	0	Corporate Office and/or TVP Company-Owned Locations
Walking & Cleaning Facility Cleaning (Health Technology), maintenance, security, safety	1	5-6	Corporate Office and/or TVP Company-Owned Locations
Yard equipment and fixtures Tools, platforms, fresh water, water feature, purpose of yard layout	2	5-6	Corporate Office and/or TVP Company-Owned Locations
Yard fundamentals and Operations Poster, photos, etc. What to do if…?, Safety	2	5-6	Corporate Office and/or TVP Company-Owned Locations
Business Financials Daycare, Boarding, Grooming, misc. services. Seasonality of business, 1099 vs W2, upsell, “The Experience”	4	0	Corporate Office, TVP Company-Owned Units or Web Meeting

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Business Expenses Equipment, fixtures, tools, recurring deliveries, rounds (marketing), cams, app, repairs	2	0	Corporate Office, TVP Company-Owned Units or Web Meeting
Staffing Where do we find (Craigslist, employee referral, indeed), personality, fulltime vs part-time, yard vs front desk, overnight, bather, groomer.	2	0	Corporate Office, TVP Company-Owned Units or Web Meeting
Packages and Discounts Overnight, multiple dogs, vet, first responders, active military, employees,	1	0	Corporate Office, TVP Company-Owned Units or Web Meeting
Front Desk "Customer experience," KennelLink, Openings and closing (settlements, walk through, next day setup, secure facility) Bones, Front Desk Daily, Text, emails, scheduling (grooming, meet and greets, lunches, breaks). Meet and Greet process, watching the cameras, ordering supplies, how to fire a customer	2	6	Corporate Office, TVP Company-Owned Units or Web Meeting
Feedings Training guide	1	4	Corporate Office and/or TVP Company-Owned Units
Cleaning & Maintenance	1	4	Corporate Office and/or TVP Company-Owned Units
What Ifs Sick pup, fleas or ticks, scuffle, local outbreaks, overnight emergency), vaccinations, know your vets, emergency vet, sicknesses, what to look for, pup pick-up and drop-offs,	2	0	Corporate Office, TVP Company-Owned Units or Web Meeting
Retail Inventory, ordering, layout	1	0	Corporate Office, TVP Company-Owned Units or Web Meeting

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Packages and Discounts Overnight, multiple dogs, vet, first responders, active military, employees,	1	0	Corporate Office, TVP Company-Owned Units or Web Meeting
TOTAL HOURS	**36**	**34-37**	

__Training Schedule and Location__. We conduct the training classes on an as-need basis at our Company-Owned Units located in La Quinta and Palm Desert, California. Initial Training will begin approximately 60 days before the opening of the Franchise Business and continues for approximately 4 weeks after the opening of the Franchise Business.

__Instructional Materials__. The instructional materials include the Operation & Policies Manual and various forms and materials.

__Experience of Instructors.__ We maintain a training staff. The following is experience of each instructor including his or her length of experience in the field and with us that are relevant to the subjects taught by each instructor.

Khaled Habash is one of our Managers and is responsible for all aspects of franchisee training. We have employed him from the time of our organization in October 2021. He has trained all staff members and co-authored our training guide. He owns and operates The Village Pup in Palm Desert, California and co-owns The Village Pup in Palm Desert, California..

Tammy Jenz is one of our Managers and is responsible for all aspects of franchisee training. We have employed her from the time of our organization in October 2021. She has trained all staff members and co-authored our training guide. She co-owns and operates The Village Pup in La Quinta, California.

Jarid Nunuz has worked at our La Quinta location since August 2014. Since June 2015, he has been the Yard Supervisor at our La Quinta location. For the past 5 years, he has trained yard employees for the 2 operating Company-Owned Units in addition to serving as a dog trainer. He is responsible for the Yard Operations portion of training.

Trish Bell is the Operations Manager and Executive Administrative Assistant for The Village Pup Franchising LLC since our founding. She is also the Operations Manager and Executive Administrative Assistant for our 2 Company-Owned Units since December 2019. She has served as a Multi-Unit Manager since May 2021. She is responsible for the Business Operations portion of training.

Mandy Alas has worked at our La Quinta location since August 2019. Since October 2021, she is the Facility Manager at our Palm Desert location. Mandy has trained new employees for the past year. She is responsible for the Front Desk Operations portion of training.

Your Expenses in Attending Training. You are responsible for all expenses of the Trainees to attend Initial Training including all payroll, travel, lodging and meal expenses. If you elect to have more than 4 Trainees attend Initial Training, or have a Trainee who later attends Initial Training you must pay us a training fee for each additional person (currently $1,500) and pay all their expenses. [Subsection 2.9(a) of the Franchise Agreement.]

Trainees. You may send up to 4 Trainees to Initial Training but no less than 2 Trainees. We must approve all Trainees. Each Trainee who is not a Franchisee or a Guarantor must sign our form of Confidentiality and Non-Competition Agreement contained in the Operation & Policies Manual as a condition of our approval. You, a principal Franchise Owner or the Designated Representative must be one of the Trainees. If you will not be managing the day-to-day operations of your Franchise Business, you may designate another person as your Manager who will manage the day-to-day activities of your Franchise Business as one of the Trainees. All Trainees must successfully complete our Initial Training to our satisfaction. [Subsection 2.9(a) of the Franchise Agreement.]

Pre-Opening On-Location Training. As part of the Initial Franchise Fee, we will make available to you a minimum of 5 days of on-location assistance and training, in most instances conducted at your Franchise Business shortly before the Opening Date and during the first few days of operation, as we deem appropriate. The on-location training program will cover material aspects of the operation of the Franchise Business including daily operations, financial controls, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, security standards, promotional techniques, purchasing and sales. You must provide us at least 4 weeks' advance written notice of your Opening Date to schedule on-location assistance and training. We do not charge a fee for on-location assistance and training; however, you are responsible for our representatives' travel-related expenses. (Section 2.12 of the Franchise Agreement). You do not have to pay any additional costs for pre-opening on-location training.

New Manager Training. If the General Manager fails to satisfy his or her obligations provided in Subsection 4.6(c) of the Franchise Agreement due to death, disability, termination of employment or for any other reason, you must employ a replacement General Manager that we approve within 30 days. The replacement General Manager must complete our Initial Training program to our satisfaction within 3 weeks of hire. In the interim, an assistant manager may manage the Franchise Business. You are solely responsible for the expenses associated with Initial Training of the replacement General Manager including the then-prevailing standard training fee we charge (currently $5,000). [Subsection 4.6(d) of the Franchise Agreement.]

ADDITIONAL TRAINING PROGRAMS OR REFRESHER COURSES

We will provide additional training programs for you and your employees at our Corporate Training Facility if we determine that these training programs are required. You, a Franchise Owner or Designated Representative and your General Manager (if applicable) must attend and successfully complete, to our reasonable and sole satisfaction, a minimum of 75% of additional training programs we designate as required. We will not require additional training more frequently than once a year. However, if you receive an unsatisfactory inspection report from us and fail to promptly remedy the deficiencies, we may require you, a Franchise Owner, Designated

Representative or your General Manager and designated employees to attend additional training as soon as reasonably possible. You are solely responsible for all expenses associated with these additional training programs including our then-prevailing training fee we charge for these programs (currently $300 per day for each attendee) and all travel, meals and lodging costs of your attendees. If additional training is conducted at your Business Premises, you will pay us a per diem fee (currently $1,000 per day) and all travel, meals and lodging costs of our trainers. [Subsection 2.15(i) of the Franchise Agreement]

ENGLISH LANGUAGE PROFICIENCY

We conduct our training in English. The Manual and other materials we provide to you are written in English. Our written and oral communications with you will be in English. We are planning to implement an English language proficiency requirement. We anticipate that once implemented, before attending training, a person whose native language is not English, or who does not meet other criteria, will first need to score sufficiently high, as determined solely by us, on a professionally administered English language proficiency examination. If you are not fluent in English, then it might be in your best interest to take the English language proficiency examination before coming to our offices for an interview or before applying for a franchise. We do not anticipate requiring certain persons to take an English language proficiency examination, including persons who attended and graduated from an accredited college or university in an English-speaking country, where the course of study was taught in English, or who meet other similar criteria that we from time to time establish.

AREA DEVELOPMENT AGREEMENT

PRE-OPENING OBLIGATIONS

We designate your Development Territory. (Area Development Agreement, Section 2.1)

You must locate each of your Franchise Businesses in the Development Territory, and for each, you must propose the specific sites for our consideration, according to the process above. You are solely responsible for locating and obtaining sites that meet our standards and criteria and that is acceptable to us. (Area Development Agreement, Section 2.1)

TIME PERIOD

The typical length of time between the signing of the Area Development Agreement and the opening of the first Franchise Business can vary from 9 to 12 months.

ONGOING OBLIGATIONS AFTER OPENING

We have no ongoing obligations to you under the Area Development Agreement.

OPTIONAL ASSISTANCE AFTER OPENING

We do not offer to you any optional assistance after you open.

ADVERTISING PROGRAMS UNDER AREA DEVELOPMENT AGREEMENT

There are no advertising programs under the Area Development Agreement.

<u>TRAINING FOR DEVELOPERS</u>

There are no separate training programs for Developers.

ITEM 12 - TERRITORY

FRANCHISE AGREEMENT

<u>LOCATION OF FRANCHISE UNIT</u>

The Franchise Business is to be operated at a specific location you select that we approve in accordance with the terms of the Franchise Agreement. If you have not found a specific location before the parties sign the Franchise Agreement, if you request, we will specify a Reserved Area in the Deposit Agreement included in Exhibit C within which you will locate an approved location for the Franchise Business. A Reserved Area is a general area, usually a DMA, county or city. Once you find a location that we approve, we will designate the approved location and the Limited Protected Territory in the Franchise Agreement.

<u>NO MINIMUM TERRITORY</u>

You are not obtaining any minimum territory.

<u>RELOCATION RIGHTS</u>

You may not change the location without our written consent and compliance with our relocation procedures.

<u>Loss of Lease</u>. If you lease the Business Premises and the lease expires or terminates before the expiration of this Agreement (provided termination is not due to your default), we permit you 60 days to obtain a lease of new Business Premises within your Limited Protected Territory. The relocated Business Premises must not infringe upon the Limited Protected territory of a Company-Owned Unit or another Franchised Unit then operating or under development. We must approve the new location in writing in accordance with Section 2.1 of the Franchise Agreement. You have 120 days from the date you sign a new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time. We may require that you engage in another Grand Opening Advertising Program. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

<u>Casualty</u>. If the Business Premises is substantially destroyed by fire or other casualty and the lease is terminated by either you or landlord as a result of the casualty, we permit you 60 days in which to locate and sign a lease of the new Business Premises within your Limited Protected Territory following the date on which the lease is terminated. The relocated Business Premises must not infringe upon the limited protected territory of a Company-Owned Unit or another Franchised Unit then operating or under development. We must approve the new location in writing in accordance with Section 2.1 of the Franchise Agreement. You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time. We may require that you engage in another Grand Opening Advertising Program. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part. The provisions of this Section are not applicable if the Business Premises is substantially destroyed by fire or other casualty, but the lease is not terminated as a result of the casualty, so long as you re-open the Business Premises for the full operation of a The Village Pup Franchise in compliance with this Agreement within 180 days from the date of the casualty, unless we otherwise agree in writing to extend the 180-day period.

Condemnation. You will give us notice of any proposed taking of the Business Premises by eminent domain, as soon as possible. We permit you 60 days from the date you have to vacate the Business Premises to obtain a lease for the new Business Premises within your Limited Protected Territory. The relocated Business Premises must not infringe upon the limited protected territory of a Company-Owned Unit or another Franchised Unit then operating or under development. We must approve the new location in writing in accordance with Section 2.1 of the Franchise Agreement. You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time. We may require that you engage in another Grand Opening Advertising Program. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

Forced Relocation by Landlord. If you lease the Business Premises and the landlord requires you to relocate to another space within the mall or center, we permit you to relocate in accordance with the terms of your lease.

Relocation Fee. If you must relocate your Franchise Business, you will reimburse us for our costs incurred in assisting you with relocation plus a 15% administrative fee based on our actual costs.

NO OPTIONS, RIGHTS OF FIRST REFUSAL OR SIMILAR RIGHTS

Except for any Area Development Rights you have also purchased, you have no option to purchase an additional Franchise Business, no right of first refusal to purchase an additional Franchise Business and no similar rights to acquire additional Franchise Business in the Limited Protected Territory or any contiguous territory.

NO EXCLUSIVE TERRITORY

You will not receive an exclusive territory. You may face competition from other Franchise Units, Company-Owned Units, or from other channels of distribution or competitive brands that we control.

LIMITED PROTECTED TERRITORY

We grant you a Limited Protected Territory that we define by city or part of the city having a population of at least 25,000 people as determined by the latest U.S. Census data defined in Section 18.1 of the Franchise Agreement and designated by the Map attached as Exhibit A, if the Business Premises exist that we have approved. If the Business Premises do not exist at the time you sign the Franchise Agreement, we will describe the Limited Protected Territory and Map in the Approved Location Addendum once you obtain a location that we approve. During the Initial Term, if you are not in default, we agree not to open the Business Premises of a Company-Owned Unit within your Limited Protected Territory or franchise another The Village Pup Franchise having Business Premises located within your Limited Protected Territory except at any Non-Traditional

Location. This does not mean that there might not be overlap with a Company-Owned Unit's or another Franchised Unit's limited protected territory as long as the Business Premises of the Company-Owned Unit or the other Franchised Unit is not physically located in your Limited Protected Territory. In addition, we expressly reserve the rights stated in Section 5.7 of the Franchise Agreement that are superior to your rights.

Conditions to Continued Limited Exclusivity. The exclusivity of your Limited Protected Territory is not dependent upon the achievement of any certain sales volume, market penetration or other contingency.

Our Right to Modify the Limited Protected Territory. We may not unilaterally alter your Limited Protected Territory. The parties may alter the Limited Protected Territory by a written amendment to the Franchise Agreement signed by the parties.

OUR RESERVED RIGHTS

You agree that the sublicense of the Intellectual Property we grant to you has limited exclusivity. In addition to our right to use and grant others the right to use the Intellectual Property outside the Limited Protected Territory, we expressly reserve all rights that we do not expressly grant to you in this Agreement concerning the Intellectual Property or other matters. You will not receive any compensation if we exercise these reserved rights. These reserved rights include:

(a) **Non-Traditional Locations**. We have the right to establish, develop, license or franchise a Unit within your Limited Protected Territory if the Unit is to be located at a Non-Traditional Location.

(b) **Different Business Models**. We have the right to establish, develop, license or franchise other business models, different from the Business System licensed by this Agreement within or outside the Limited Protected Territory, regardless of its proximity to, or potential impact on, the Franchise Business, without offering or providing you any rights in, to, or under the other systems.

(c) **Dissimilar Channels of Distribution**. We have the right to sell or offer to sell similar products and services authorized for the Franchise Business using our trademarks or copyrights through dissimilar channels of distribution including the Internet within or outside the Limited Protected Territory and under any terms that we deem appropriate, regardless of their potential impact on your Franchise Business, without offering or providing you the right to participate or receive any compensation.

(d) **Acquisition of Competitive Business**. If we acquire a Competitive Business and Units of the Competitive Business encroach upon your Limited Protected Territory, we will have 1 year from the date of acquisition of the Competitive Business to sell the encroaching Units without being in default under this Agreement.

NO COMPENSATION TO YOU

We will not compensate you for any of these sales made within your Limited Protected Territory.

RESTRICTIONS ON ADVERTISING AND OPERATING OUTSIDE OF LIMITED PROTECTED TERRITORY

You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent.

OUR OPERATION OF A SIMILAR BUSINESS UNDER A DIFFERENT MARK

Neither we nor any Affiliate operate or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

AREA DEVELOPMENT AGREEMENT

NO MINIMUM TERRITORY

You are not obtaining any minimum territory as a Developer but we grant you a Development Area described below.

RELOCATION RIGHTS

There are no written conditions under the Area Development Agreement allowing you to relocate the Franchise Business.

NO EXCLUSIVE TERRITORY

You will not receive an exclusive territory. You may face competition from other Franchised Units, Company-Owned Units, or from other channels of distribution or competitive brands that we control.

DEVELOPMENT AREA

We grant you a Development Area that will be described in the Map attached as Exhibit A to the Area Development Agreement. The Development Area is usually based on a city or county basis, or a Designated Marketing Area depending on the number of Franchise Units to be developed.

NO EXCLUSIVE RIGHTS TO DEVELOPMENT AREA

No Exclusivity. We do not grant to you exclusive rights within the Development Area. We grant you the right to construct open and operate Franchise Businesses within the Development Area pursuant to a Development Schedule under which you must open a specified number of Franchise Businesses within a specified time.

Option to Purchase. If we determine that it is necessary to locate a Company-Owned Unit or Franchise Unit in the Development Area to prevent a Competitive Business from being located in the Development Area, we will give you written notice of this determination and advise you of the proposed location of the proposed Unit. For 30 days after the date of the notice, you have the sole option to purchase a Franchise Business for the location; provided you are not ineligible to operate the Franchise Unit at the proposed location due to, for example, governmental requirements or restrictions. If you fail to exercise this option timely, we have the right to open a Company-Owned Unit or grant a Franchise Unit at that location without any liability to you.

Right of First Refusal. If we find a Non-Traditional Location within your Limited Protected Territory and you are otherwise qualified by the owner/landlord of the Non-Traditional Location, we will offer you a 30-day right of first refusal to own and operate The Village Pup Franchise at the Non-Traditional Location.

Limited Protected Territories. We will grant each Franchise Unit you open within the Development Area a Limited Protected Territory to be described in the Franchise Agreement. For the perimeter of the Development Area, you agree not to select a site that is within the limited protected territory of a Company-Owned Unit or Franchised Unit that is operating or under construction.

CONDITIONS TO CONTINUED AREA DEVELOPMENT RIGHTS

The Area Development Rights are dependent upon your continued achievement of the Development Schedule. If you fail to meet that Development Schedule, we have the right to terminate the Development Agreement and all your Development Rights cease. We are then free to open Company-Owned Units or franchise The Village Pup Franchises to others within your former Development Area but outside the Limited Protected Territories granted to you under Franchise Agreements for Franchise Units you are currently operating or are under construction, provided you are not in otherwise in default under any Franchise Agreement.

OUR RIGHT TO MODIFY THE DEVELOPMENT AREA

We may not unilaterally alter your Development Area. The parties may alter the Development Area by a written amendment to the Area Development Agreement signed by the parties.

APPROVAL OF LOCATIONS OF FUTURE FRANCHISE UNITS

We must approve the location of your future Franchise Units in the Development Area. Our then current standards for locations and territories will apply. For each approved location, we will grant you a Limited Protected Territory as described above. For the perimeter of the Development Area, you agree that you will not select a Location that is within the Limited Protected Territory of a Company-Owned Unit or Franchised Unit that is operating or, under lease or construction. We agree not to open a Company-Owned Unit or a Franchised Unit within the Limited Protected Territory of any of your Franchise Businesses even if the Limited Protected Territory extends outside the Development Area.

OUR RESERVED RIGHTS

The Area Development Rights are subject to our reserved rights. In addition to our right to use and grant others the right to use the Proprietary Mark outside the Development Area and as described above, we reserve all rights not expressly granted in the Area Development Agreement to you concerning the Proprietary Mark or other matters including:

Non-Traditional Locations and Units. We have the right to establish, develop, license or franchise a Unit within your Development Area if the Unit is to be located at a Non-Traditional Location. A Non-Traditional Unit means a Unit that serves primarily the customers located within the facility, including: (i) captive audience facilities (examples include parks charging admission, stadiums, amusement parks and centers, and theaters); (ii) limited purpose facilities (examples include airports, transportation centers, department stores, indoor malls and shopping centers, business and industrial complexes, museums, educational facilities, hospitals, and recreational parks); (iii) limited access facilities (examples include military complexes, buyer club businesses, educational facilities, and business and industrial complexes); and (iv) other types of institutional accounts.

Dissimilar Channels of Distribution. We have the right to sell or offer to sell similar products and services authorized for The Village Pup Franchise using our trademarks or copyrights through dissimilar channels of distribution including Internet, catalog sales, telemarketing, or other direct marketing to make sales within or outside the Development Area of products or services and under any terms that The Village Pup deems appropriate, regardless of its proximity to, or potential impact on, The Village Pup Franchise, without offering or providing you the right to participate or receive any compensation.

Other Retail Sales. We have the right to sell and distribute products or license others to sell and distribute products, within or outside the Development Area, through retail stores. The products may include those bearing our Proprietary Marks and you acknowledge that you will not receive any compensation for these sales.

Acquisition of Competitive Business. If we acquire a Competitive Business and outlets of the Competitive Business encroach upon your Development Area, we will have 1 year from the date of acquisition of the Competitive Business to sell the encroaching outlets without being in default under this Agreement.

NO COMPENSATION TO YOU

We will not compensate you for any of these sales made within your Limited Protected Territory.

RESTRICTIONS ON ADVERTISING AND OPERATING OUTSIDE OF DMA

You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent.

NO OPTIONS, RIGHTS OF FIRST REFUSAL OR SIMILAR RIGHTS

Except for the Development Rights you have purchased, you have no option to purchase an additional Franchise Business, no right of first refusal to purchase an additional Franchise Business and no similar rights to acquire additional Franchise Business in the Development Area or any contiguous territory.

OUR OPERATION OF A SIMILAR BUSINESS UNDER A DIFFERENT MARK

Neither we nor any Affiliate operate or have plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

ITEM 13 - TRADEMARKS

FEDERAL REGISTRATIONS ON PRINCIPAL REGISTER

Live by Faith, LLC owns the following Principal Trademark registered on the Principal Register of the United States Patent and Trademark Office that we sublicense to you for your use in operating the Franchise Business under the Franchise Agreement:

Mark	International Class	Registration Date	Registration Number
THE VILLAGE PUP	025, 043 and 044	January 9, 2018	5376254

FEDERAL APPLICATIONS ON PRINCIPAL REGISTER

Live by Faith, LLC has filed the following Trademark Application for registration on the Principal Register of the United States Patent and Trademark Office that we sublicense to you for your use in operating the Franchise Business under the Franchise Agreement:

Mark	International Classes	Application Date	Serial Number
THE VILLAGE PUP	009, 041 043 and 044	January 9, 2018	97254688

STATE REGISTRATIONS

The Principal Trademark has not been registered or filed for registration in any state.

RENEWAL OF FEDERAL REGISTRATIONS

We have not filed a Declaration of Use under Section 8 of the U.S. Trademark Law and a Declaration of Incontestability under Section 15 of the U.S. Trademark Law with the USPTO. The Principal Trademark remains contestable. We do not have to renew the registration of the Principal Trademark at this time.

COMMON LAW RIGHTS

Live by Faith, LLC has used the Principal Trademark and acquired common law rights in the Principal Trademark based on that use.

MATERIAL DETERMINATIONS AND PROCEEDINGS

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There is no currently pending infringement, opposition or cancellation proceeding in which we unsuccessfully sought to prevent registration in order to protect the Principal Trademark we sublicense to you.

PENDING TRADEMARK LITIGATION

There is no currently pending material federal or state court litigation involving our use of, or ownership rights in, the Principal Trademark.

CURRENTLY EFFECTIVE AGREEMENTS

Live by Faith, LLC owns the Principal Trademark, the other Intellectual Property and the Business System (collectively, the "Licensed Property"). Live by Faith, LLC licenses to us the right to sublicense the Licensed Property to Franchise Businesses throughout the world under a License Agreement dated October 8, 2021 (the "License Agreement"). The initial term of the License Agreement is 10 years and renews automatically for successive 10-year periods. If Live by Faith, LLC terminates the License Agreement due to our default or the License Agreement expires and is not renewed, Live by Faith, LLC may assume our obligations to you under the Franchise Agreement. To ensure that the quality of the products and services offered at the Franchise Business complies with the standards, operating procedures and specifications provided for in the Franchise Agreement, we will provide Live by Faith, LLC access to certain information pertaining to the Franchise Business and the Franchise Agreement. There are no other agreements currently in effect that significantly limit our rights to sublicense the use to Franchise Businesses of the Principal Trademark, the other Intellectual Property and Business System in any manner material to you.

OUR INDEMNIFICATION OF YOU FOR CLAIMS

If there is any claim of infringement, unfair competition or other challenge to your right to use the Principal Trademark or any of the other Intellectual Property, or if you become aware of any use of, or claims to, any of the Intellectual Property by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim. We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Intellectual Property. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Intellectual Property or otherwise to protect and maintain our interests in the Intellectual Property. We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any of the Intellectual Property in accordance with the Franchise Agreement, provided you: (a) have timely notified us of the claim or proceeding; (b) have otherwise complied with the Franchise Agreement; (c) allow us sole control of the defense and settlement of the action; and (d) cooperate fully with our counsel in the defense of the action.

MODIFICATION OF PRINCIPAL TRADEMARK

If we deem it advisable to modify or discontinue the use of the Principal Trademark or other Intellectual Property and/or use an additional or substitute name or mark, you are obligated to do so at your expense within 30 days of our request. We will only be liable to reimburse you for your reasonable direct printing and signage expenses in modifying or discontinuing the use of the principal trademark and substituting a different principal trademark. These expenses do not include expenditures you make to promote the modified or substituted principal trademark. If the modification or discontinuation of the use of the Principal Trademark or other Intellectual Property is due to a continuing need to modernize the Business System, you will be liable for all expenses in substituting the modified or new Intellectual Property in your Franchise Business, subject to the Capital Expenditure Limitation.

SUPERIOR PRIOR RIGHTS OR INFRINGING USES

There are no superior prior rights or infringing uses actually known to us that could materially affect your use of the Principal Trademark.

AREA DEVELOPMENT AGREEMENT

You are not granted the right to use the Trademarks under the Area Development Agreement. The right to use the Trademarks can only be acquired by the execution of a separate Franchise Agreement for each Franchise Business to be opened and operated under the Development Agreement.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

PATENTS

We do not currently own any rights in any patents or have any patents pending that are material to the Franchise Business. If, however, we develop any patents material to the Franchise Business, we reserve the right to license them to you at a fair license fee that we determine. If Live by Faith, LLC develops any other patents material to the Franchise Business, we reserve the right to license them to you at a fair license fee that we determine.

COPYRIGHTS

Live by Faith, LLC and we claim all common law copyrights covering various materials used in our business and the operation of Company-Owned Units and Franchise Units, including the Operation & Policies Manual, advertising, promotional literature, or any other works protectable under the copyright laws. In addition, Live by Faith, LLC owns or has the right to use other original and derivative copyrightable works such as architectural designs, plans, specifications, photographs and décor. We do not sublicense the copyrights in these materials to you under the Franchise Agreement but we consent to your use in accordance with the terms of the Franchise Agreement.

We have not registered these copyrights in the United States Registrar of Copyrights but we may do so in our sole discretion. We prohibit you from attempting to register with the United States Copyright Office any works you create relative to the Franchise Business. You will not otherwise claim authorship or exclusive ownership of any of the works.

We loan you the Operation & Policies Manual as discussed in ITEM 11.

<u>MATERIAL DETERMINATIONS</u>

There are not currently any effective determinations of the United States Patent and Trademark Office, United States Copyright Office, or a court regarding any of our Copyrights.

<u>CURRENTLY EFFECTIVE AGREEMENTS</u>

There are no currently effective agreements between us and third parties pertaining to our Copyrights that will or may significantly limit your use of our copyrighted materials except the License Agreement (see "Currently Effective Agreements," p. 53 above).

<u>OUR INDEMNIFICATION OF YOU FOR CLAIMS</u>

If there is any claim of copyright infringement, unfair competition or other challenge to your right to use of any Copyright, or if you become aware of any use of, or claims to, any Copyright by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim. We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Copyright. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Copyright or otherwise to protect and maintain our interests in the Copyright. We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any Copyright in accordance with the Franchise Agreement, provided you: (a) have timely notified us of the claim or proceeding; (b) have otherwise complied with the Franchise Agreement; (c) allow us sole control of the defense and settlement of the action; and (d) cooperate fully with our counsel in the defense of the action.

<u>MODIFICATION</u>

If we deem it advisable to modify or discontinue use of any copyrighted work and/or use one or more new or derivative copyrighted works, you must do so and our sole obligation in this event is to reimburse you for your tangible costs (for example, changing materials) of complying with this obligation.

<u>INFRINGING USES</u>

We are not aware of any infringing uses that could materially affect your use of the patents or copyrights in the state where your Franchise Business is to be located.

<u>PROPRIETARY RIGHTS IN CONFIDENTIAL INFORMATION AND TRADE SECRETS</u>

The Operation & Policies Manual, and other copyrighted materials we make available to you contain confidential and proprietary information and are our trade secrets. We possess and will continue to develop and acquire confidential and proprietary information, and trade secrets. The confidential information consists of the following categories of information, methods, techniques, procedures and knowledge we, our Affiliates, or our Franchisees develop (collectively, the "Confidential Information") including: (a) our methods, techniques, tools, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (b) our marketing and promotional programs for Franchise Businesses; (c) knowledge of specifications for and knowledge of our suppliers of certain materials, equipment, furniture and fixtures for a Franchise Business; and (d) knowledge of our customer lists, operating results and financial performance.

We will disclose to you the Confidential Information required for the operation of the Franchise Business during Initial Training, in the Operation & Policies Manual, and in the guidance and assistance that we furnish you, and you may learn of additional Confidential Information. You may disclose the Confidential Information to your employees or other persons only to the extent reasonably necessary and provided the person has signed our form of Confidentiality and Non-Competition Agreement contained in the Operation & Policies Manual or otherwise in writing before disclosure. You agree, during and after the Initial Term, that you, your Franchise Owners, employees and independent contractors will: (i) not use the Confidential Information in any other business or capacity, including any derivative or spin-off of the dog daycare, boarding and grooming services concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form or electronic form; and (iv) adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information. You agree that any suggestions you make that we incorporate into the Business System are our exclusive property.

We also consider our Trade Dress (that is, elements of The Village Pup method and style of doing business) inherently and uniquely distinctive and protectable under applicable Federal and state law.

Nothing contained in the Franchise Agreement prohibits you from using the Confidential Information in the operation of your Franchise Business under the terms of your Franchise Agreement.

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

YOUR PERSONAL PARTICIPATION

We recommend that you be active in the operation of your Franchise Business but we do not require any personal "on-Business Premises" participation by you provided you hire a Manager that we approve and who completes Initial Training to our satisfaction. You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of the Franchise Agreement and the Operation & Policies Manual, regardless of whether you choose to operate the Franchise Business as a full-time owner/operator or hire a Manager.

BUSINESS ENTITY FRANCHISEE

If you are a Business Entity, we recommend that one or more of the Franchise Owners participate personally in the direct operation of the Franchise Business but we do not require any personal "on-Business Premises" participation by a Franchise Owner provided you hire a Manager that we approve and who completes Initial Training to our satisfaction. All Franchise Owners owning more than 5% of the equity interests in the Business Entity must personally guaranty the

Franchisee's obligations under the Franchise Agreement and all other agreements by signing the Guaranty of Developer's/Franchisee's Obligations included in Exhibit J.

DESIGNATED REPRESENTATIVE

If this Agreement is signed by 2 or more individuals or by a Business Entity, you agree to designate in writing 1 individual or a Franchise Owner as the Designated Representative upon signing this Agreement. We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Franchise Business until we receive a duly signed written notice changing the Designated Representative.

MANAGER

Manager. The Manager must devote his or her best reasonable full-time efforts to the management and operation of your Franchise Business. You agree that your Franchise Business requires the day-to-day supervision of the Manager (or an assistant manager) at all times your Franchise Business is open to the public for business. The Manager must complete Initial Training before managing your Franchise Business, unless we otherwise agree in writing.

Changes in Manager. If the Manager fails to satisfy his or her obligations due to the Manager's death, disability, termination of employment or for any other reason, you will satisfy these obligations until you designate a new Manager acceptable to us who has successfully completed Initial Training. You are solely responsible for the expenses associated with Initial Training, including the then prevailing standard training fee we charge (currently $5,000).

Equity Interest. If you retain a Manager, the Manager does not have to own an equity interest in the Business Entity.

RESTRICTIONS ON MANAGER AND OTHER EMPLOYEES

Any Manager and other employees having access to our Operation & Policies Manual and other Confidential Information must sign the Confidentiality and Non-Competition Agreement included in the Operation & Policies Manual or otherwise provided in electronic form.

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

USE OF THE BUSINESS PREMISES

You must use your Business Premises only for the operation of your Franchise Business. You must keep your Franchise Business Premises operating on a 24/7 basis, each day of the year. Your facility must be open to the public from 7:00 a.m. to 6:00 p.m. Monday through Saturday and 8:00 a.m. to 6:00 p.m. on Sunday. The Front Lobby is closed on Thanksgiving, Christmas Eve and Christmas Day.

APPROVED PRODUCTS AND SERVICES

You must sell or offer for sale to consumers at your Franchise Business only the services and products that meet our uniform standards of quality and quantity, and we have expressly approved for sale in the Operation & Policies Manual or otherwise in writing. You may not sell any items for redistribution or resale. You must: (i) offer for sale all approved services and products;

(ii) refrain from any deviation from our standards and specifications for providing or selling the approved services and products without our written consent; and (iii) discontinue selling and offering for sale any services or products as we, in our discretion, disapprove in writing. We have the right to change the authorized services and products at any time based on our experience.

SALES RESTRICTIONS

We do not restrict you in the type of customers to whom you may sell approved products or services. All your sales must be retail sales occurring at the Business Premises. You must not sell any items for redistribution or resale. Customers may elect to contract with any The Village Pup Franchise Business regardless of where the customer resides or works.

ADVERTISING RESTRICTIONS

You will not solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising or solicitation method without our prior written consent.

GREENFIELDS

If you receive an inquiry from a potential customer who resides and works outside your Limited Protected Territory and the customer does not reside or work within the limited protected territory of another Franchisee, you may solicit, sell and provide services and products to the customer. However, if we later award a The Village Pup Franchise whose limited protected territory includes the territory in which the customer resides or resides; you must notify the customer regarding the new Franchisee immediately upon our written notice to you.

PRICING SUGGESTIONS

We may make suggestions to you with regard to your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the services rendered and products offered at the Franchise Business. We retain the right to establish maximum prices you charge for sales promotions. Any price list we furnish to you are recommendations only. Your failure to accept or implement any suggestion does not affect the relationship between you and us, unless otherwise specifically stated as a maximum price for sale promotions.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	The initial term of the Franchise Agreement is 10 years beginning on the Agreement Date.

Provision	Section in Franchise Agreement	Summary
b. Renewal or extension of the term[1]	Section 2.2	You have the right to renew for an unlimited number of additional terms of 10 years each, if you meet the requirements for renewal.
c. Requirements for you to renew or extend[1]	Sections 16.2 and 16.3(1)	1. You must give us timely written notice of your intention to exercise the option; 2. You must not be in default of your Franchise Agreement or any other agreement with us or our Affiliates; 2. You must complete to our reasonable satisfaction, all maintenance, refurbishing, renovating and upgrading we require; 3. Within 30 days before the end of the Initial Term, you must sign and deliver to us our then current form of Franchise Agreement. That Franchise Agreement may have material business terms that are different from the terms of this Agreement. We are not obligated to provide any initial or other pre-opening obligations and you are not obligated to perform any pre-opening duties contained in that Franchise Agreement, which apply only to new franchisees. You must also sign all other agreements ancillary to this Franchise Agreement. 4. You must sign a Franchise Termination and Release Agreement of all claims against us and its affiliates, and their respective officers, directors, shareholders, agents and employees, the form included in Exhibit O; 5. You must be entitled to continue to occupy the Business Premises for the entire Renewal Term including renewal rights or obtain our approval of a new location for the Franchise Business within the Limited Protected Territory, but not within the Limited Protected Territory of a Company-Owned Unit or Franchised Unit, in accordance with our relocation procedures stated in Section 1.4 of the Franchise Agreement. 6. You must renovate and modernize the Business Premises if they do not conform to our then-current Trade Dress requirements, subject to the Capital Expenditure Limitation. If you have not met all of the conditions stated in Subsection 16.2(a) of the Franchise Agreement, or if you have received 4 or more notices of default

		during the Initial Term, even if you cured the defaults, we may elect not to enter into a new Franchise Agreement. Within 5 days after you receive our written notice that we have elected not to enter into a new Franchise Agreement, you may request our permission for you to sell your Franchise Business. You will then have 180 days to sell the Franchise Business, subject to our right of first refusal. This notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have other grounds to terminate the Initial Term). This transfer must comply with the provisions of Subsection 10.2(b) of the Franchise Agreement and all the other applicable terms of this Agreement. During this period, you must continue to operate your Franchise Business in accordance with the terms of the Franchise Agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by you[1]	Section 11.1	If you substantially comply with the Franchise Agreement and we materially breach the Franchise Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Franchise Agreement. You may also terminate the Franchise Agreement upon the mutual written agreement with us. Any termination of the Franchise Agreement by you other than as stated above is a wrongful termination by you.
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Sections 11.2, 11.3 and 11.4	We may only terminate your Franchise Agreement with cause. A default under your Franchise Agreement may be a default under any Area Development Agreement and other Franchise Agreements.
g. "Cause" defined – curable defaults	Section 11.4	You may cure any non-monetary default other than those specified in Sections 11.2 of your Franchise Agreement within 30 days of written notice from us of the default.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults[1]	Sections 11.2 and 11.3	The following defaults may not be cured: 1. Violation of environmental laws; 2. Insolvency or general assignment for creditors; 3. Filing in bankruptcy; 4. Adjudication of bankruptcy; 5. Filing for appointment of a receiver or custodian; 6. Appointment of a receiver or custodian; 7. Filing for composition with creditors; 8. Judgment of $25,000 or more remains unsatisfied; 9. Execution of levy; 10. Filing of foreclosure suit; 11 Sale of your assets after levy;
j. Assignment of contract by us	Section 10.1	We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under this Agreement to any person without your consent or approval.
k. "Transfer" by you defined	Sections 10.2 and 10.3	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Franchise Agreement or in your Franchise Business. A transfer of less than 25% of the voting rights or ownership interests in the above and a transfer to any other original owner of your Franchise Business is not considered a transfer.
l. Our approval of transfer by you	Sections 10.2 and 10.3	We have the right to approve or disapprove of any transfers.
m. Conditions for our approval of transfer	Sections 10.2 and 10.3	1. You must submit an Application for Consent to Sell; 2.We do not exercise our right of first refusal; 3. You are not in default under any agreement you have with us or any Affiliate; 4. We must interview and approve the transferee 5. The buyer must receive all financial reports; 6. The transferee must sign a new franchise agreement that may impose materially different terms and conditions than those in your original Franchise Agreement but the transferee will not have to pay a new Initial Franchise Fee; 7. The transferee must pay a transfer fee of $25,000; 8. The transferee must properly assume all your obligations, including your lease; 9. You must sign a Franchise Termination and Release Agreement of us, the form of which is

		attached as Exhibit O; 10. The transferee may not have any other business that competes with us or any Franchise Business; 11. The transferee must successfully complete Initial Training; and The buyer may be asked to sign a contract with materially different terms and conditions than your original contract.
n. Our right of first refusal to acquire your business	Section 10.5	We have the option to purchase on the same terms as contained in the Offer. We will give you written notice of election within 30 days after our receipt of the Offer notice and all required information.
o. Our option to purchase your business	Section 12.4	We have the right (but not the duty), exercisable upon written notice to you given within 30 days after termination of the Franchise Agreement, to purchase for cash any assets of your Franchise Business at the fair market value.
p. Your death or disability	Section 10.4	You or your representative must: 1. Provide a replacement manager satisfactory to us; and 2. Your personal representative must transfer the Franchise Business within 8 months of your death in accordance with the transfer provisions of your Franchise Agreement.
q. Non-competition covenants during the term of the franchise1	Subsection 13.1(b)(i)	You may not: 1. Influence any Business Associate of us to modify its relationship with us; 2. Have any involvement with any Competitive Business; or 3. Interfere with our business or any of our other Franchise Businesses.
r. Non-competition covenants after the franchise is terminated or expires1	Subsection 13.1(b)(ii)	You may not, for 24 months after the end of your Franchise Agreement: 1. Influence any Business Associate of us to modify its relationship with us; 2. Have any involvement with any Competitive Business, within 15 miles of any Franchise Business then in operation or under contract; or 3. Interfere with our business or any of our other Franchise Businesses.
s. Modification of the agreement	Sections 1.3, 6.3, 13.1(d), 19.2 and 19.3	Your Franchise Agreement may not be modified without the consent of both you and us except: 1. We may change the contents of the Operation & Policies Manual; 3. We may modify the Business System; and 4. A court may modify any provision of your Franchise Agreement in accordance with applicable law.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 19.13	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim the representations we made in this FDD. Any representations or promises outside the FDD and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation1	ARTICLE 17	All disputes must be resolved first by mediation and, if mediation is not successful, then by arbitration except claims involving: 1. The Intellectual Property; 2. Any lease or sublease of real property; 3. Your obligations upon termination or expiration of your Franchise Agreement; 4. Any transfers; 5. Matters involving claims of danger, health or safety; and 6. Requests for restraining orders, injunctions or similar procedures. You must also waive your rights to a jury trial and claims for punitive damages. These provisions are subject to state law.
v. Choice of forum1	Section 17.4	Subject to state law, any mediation or arbitration proceeding must be conducted where our principal office is located when demand for mediation or arbitration is filed. Any litigation to enforce the Franchise Agreement must be filed in the courts where our principal office is located when litigation is filed (currently Riverside County, California).
w. Choice of law1	Section 17.6	Except to the extent governed by the United States Trademark Act, the United States Copyright Act or the United States Arbitration Act, and subject to applicable state law, the Franchise Agreement is interpreted under California law.

[1] See Exhibits A and H to this Franchise Disclosure Document for certain state-specific requirements.

[GO TO NEXT PAGE]

THE DEVELOPMENT RELATIONSHIP

This table lists certain important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this Franchise Disclosure Document.

Provision	Section in Area Development Agreement	Summary
a. Length of Area Development Rights term	Section 3.2	The initial term of the Area Development Agreement will vary based on the total number of Franchise Units you agree to open in the Development Area beginning on the Agreement Date.
b. Renewal or extension of the term[1]	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you[1]	Section 6.1	If we materially breach the Area Development Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or within a longer period, if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate the Area Development Agreement.
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 6.2	We may only terminate your Area Development Agreement with cause. A default under the Area Development Agreement constitutes a default under all Franchise Agreements.
g. "Cause" defined – curable defaults	Section 6.3	You have 30 days or any longer period as applicable law may require, after we deliver you a written notice of default to cure any default and provide evidence of cure satisfactory to us. If you fail to cure timely any curable default, we have the right to terminate the Area Development Agreement effective upon your receipt of our written notice of termination. You have the burden of proving you have timely cured any default, to the extent it is a curable default under the Area Development Agreement.
h. "Cause" defined – non-curable defaults	Section 6.2	We may terminate the Area Development Agreement by giving you written notice of termination if we terminate any Franchise Agreement between the parties due to your default, after we have given you written notice of default if notice is required, and

Provision	Section in Area Development Agreement	Summary
		afforded you an opportunity to cure if you have a right to cure.
i. Your obligations on termination/ nonrenewal	Section 6.4	Upon termination or expiration of the Area Development Agreement, all your Area Development Rights cease rights cease and you must comply with your post-termination and post-expiration obligations under the Franchise Agreements and those obligations that survive the termination or expiration of the Franchise Agreements including the obligations of indemnification, confidentiality and non-competition.
j. Assignment of contract by us	Section 5.1	We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under the Area Development Agreement to any person without your consent or approval.
k. "Transfer" by you defined	Section 5.2	Transfer means any sale, assignment, transfer, conveyance or gift, whether voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, of any direct or indirect interest in your Area Development Agreement. A transfer of less than 50% of the equity interests in Business Entity that signed the Area Development Agreement and a transfer to any other original owners of the Area Development Agreement is not a transfer.
l. Our approval of transfer by you	Section 5.2	You must obtain our prior written approval of any transfers.
m. Conditions for our approval of transfer	Section 5.2	You may transfer the Area Development Agreement to a Business Entity you own but you continue to remain personally liable for all of your obligations under the Area Development Agreement. If you intend to transfer the Area Development Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you comply with your obligations under Subsection 10.2(b) of the Franchise Agreements and pay us a $10,000 transfer fee.
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable

Provision	Section in Area Development Agreement	Summary
q. Non-competition covenants during the term	Not Applicable	Not Applicable
r. Non-competition covenants after the agreement is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Section 9.2	Your Area Development Agreement may not be modified without the consent of both you and us except: 1. We may change the contents of the Manuals; 2. We may modify the System; and 3. A court may modify any provision of your Area Development Agreement in accordance with applicable law.
t. Integration/ merger clause	Section 9.11	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to applicable state law). Nothing in the Area Development Agreement or in any other related written agreement is intended to disclaim the representations we made in this FDD. Any representations or promises outside the FDD and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation1	Section 9.1	All disputes must be resolved first by mediation and, if mediation is not successful, then by arbitration except claims involving: 1. The Intellectual Property; 2. Your obligations upon termination or expiration of your Area Development Agreement; 4. Any transfers; 5. Matters involving claims of danger, health or safety; and 6. Requests for restraining orders, injunctions or similar procedures. All claims must be made within 18 months. You must also waive your rights to a jury trial and claims for punitive damages.
v. Choice of forum1	Section 9.1	Subject to state law, any mediation or arbitration proceeding must be conducted where our principal office is located when demand for mediation or arbitration is filed. Any litigation to enforce the Area Development Agreement must be filed in the courts where our principal office is located when litigation is filed (currently Riverside County, California)

Provision	Section in Area Development Agreement	Summary
w. Choice of law1	Section 9.1	Except to the extent governed by the United States Trademark Act, the United States Copyright Act or the United States Arbitration Act, and subject to applicable state law, the Area Development Agreement is interpreted under California law.

1 See Exhibits A and H to this Franchise Disclosure Document for certain state-specific requirements.

ITEM 18 - PUBLIC FIGURES

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

ITEM 19 – FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits us to provide information about the actual or potential financial performance of our Franchise Units and/or Company-Owned Units, if there is a reasonable basis for the information, and if the information is included in this Franchise Disclosure Document. We may give you financial performance information that differs from that included in this ITEM 19 only if: (1) we provide the actual records of an existing Unit that you are considering buying; or (2) we supplement the information provided in this ITEM 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

HISTORICAL FPRS

The historical financial performances contained in this ITEM represent the result of operations during the period between January 1, 2017 and December 31, 2021 of our 2 Company-Owned Units: 1 Unit opened in 2015 and the 2nd Unit opened in 2020. As of the issuance date of this FDD, we do not have any Franchised Units. You should carefully review the included explanatory notes to fully understand the data being presented and the methods by which the data was collected and reported in this ITEM 19.

Table No. 1

Percentage of Expenses and Profits in Relation to Sales for Years 2017 to 2021

Table No. 1 – First Company-Owned Unit Opened in 2015 Owned by Live by Faith, LLC

Year	2017 [3]	2018	2019	2020 [5]	2021
Gross Sales [1]	$690,523	$766,837	$831,400	$873,555	$1,154,540
Labor Cost [6]	36.9%	35.1%	40.5%	32.2%	45.5%
Facilities Cost [7]	13.0%	12.8%	15.5% [8]	8.7%	7.3%
General and Administrative Cost [9]	27.5%	23.2%	23.9% [8]	16.0%	17.9%

Year	2017 [3]	2018	2019	17.7%	27.8%
Owner's Discretionary Profit Margin [10 and 11]	21.9%	28.9%	24.6%	27.5%	34.7%

Table No. 2 – Second Company-Owned Unit Opened in 2020 owned by Live by Faith, LLC and D'Clenz Inc.

Year	2020 [5]	2021
Gross Sales [1, 2]	$249,725	$694,814
Labor Cost [6]	84.8%	66.1%
Facilities Cost [7]	39.6%	13.1%
General and Administrative Cost [9]	28.3%	11.6%
Owner's Discretionary Profit Margin [10 and 11]	-70.2%	9.3%

Notes to Tables 1 and 2:

(1) The Gross Sales figures are derived from all sales and services from each Company-Owned Unit including revenue for boarding, daycare, grooming, product sales, and other miscellaneous income received by the unit. As demonstrated by the information in Table 2, a franchisee's Gross Sales are likely to be lower in the 1st year of business. We recommend that each prospective franchisee independently investigate the sales potential for the designated franchise territory on his or her own. You can develop in partnership with your accountant your own estimated revenue and costs for your potential franchise location.

Sales and expense data were collected from the financial reports of both Company-Owned Units to produce the historical financial performance representation listed in Tables Nos. 1 and 2. The Units report their information based on the accrual method of accounting. We do not know an instance of, nor do we have reason to believe, that monthly or annual Gross Sales or expense amounts are overstated in the internal company financial reports.

(2) Business startup expenses for the 2nd Company-Owned Unit were incurred in 2019 but are not reflected in the operational results listed in the table. Please refer to ITEM 7 for information on the Estimated Initial Investment that would be incurred in the first year of operations of a franchise location.

(3) Year 2017 was the second full year of operations for the company unit represented. Gross Sales of the unit for the first full year of operation was $557,308.

(4) The first year of operations for the 2nd Company-Owned Unit was in 2020 and was negatively impacted by the extraordinary COVID-19 pandemic. Please see Note 5 for more information about how this event impacted the financial reporting for 2020.

(5) Operations in the year 2020 were unusual as they were impacted by the COVID-19 pandemic. The Gross Sales figures reflect the average operational revenue from each Company-Owned Unit and also include one-time extraordinary tax-free amounts of $43,727 received by The Village Pup Palm Desert, LLC and $206,446 by Live by Faith, LLC received from government grants meant to supplement lost revenue incurred during periods of government-mandated operational shutdown during the year. The government-mandated operational shutdown period for both Units was from March 20, 2020 to May 20, 2020. Both Units reported a net operating loss in the year 2020 because of the impact the pandemic had on business operations. Prospective franchisees should consider the likelihood of other similar extraordinary events that could have a negative impact on revenue and net profit outcome when making financial decisions.

(6) Labor cost percentage is the percentage of revenue spent on all payroll-related costs including wages and employment taxes paid by the company excluding amounts of salary and employment taxes paid to the owners, which instead is reflected in the Owner's Discretionary Profit Margin percentage.

(7) Facilities cost is the percentage of revenue spent on rent or mortgage, repairs, maintenance, and utilities incurred to operate the physical space in which the Unit is located. Leasehold improvements and other fixed asset costs that are depreciated over the life of the asset/improvement are not included in the Facilities Cost percentage presented.

(8) The Facilities Cost percentage reflected in Table No. 1 for 2019 reflects actual amounts spent but it should be noted that in 2019 unusual facilities expenses related to the purchase, buildout, and relocation to a new physical location were incurred by this Company-Owned Unit. The estimated Facilities Cost percentage excluding these extraordinary one-time expenses is 13.1%.

(9) General and Administrative Cost is the percentage of revenue spent on all other business costs and includes items such as supplies, advertising and marketing, insurance, bank service charges, costs of financing, legal and professional fees, taxes, depreciation, and other business-related expenses.

(10) Owner's Discretionary Profit Margin is the percentage of revenue retained by the business and includes the owner's salary and employment taxes paid plus the net income or minus the net loss.

(11) These Company-Owned Units did not pay the Initial Franchise Fees, Technology Set-Up Fees, Royalty Fees and Advertising Contributions.

Table No. 3

Monthly Gross Sales Per Year (High, Low, and Average)

Year	2017	2018	2019	2020 [5]	2021
No. of Units Measured [1]	1	1	1	2	2
Highest Monthly Gross Sales in Year [2]	$73,316	$79,730	$88,292	$79,460	$114,701
Average and Median Monthly Gross Sales in Year [3]	$57,544	$63,903	$69,283	$46,803	$77,056
Lowest Monthly Gross Sales in Year [4]	$46,136	$50,619	$48,278	$13,166 [6]	$30,870

<u>Notes to Table No. 3:</u>

(1) The Number of Units Measured is the number of Company-Owned Units that reported financial results for the year indicated in the table. Monthly Gross Sales figures in this Table were obtained from the same reporting described in Note 1 of Tables No. 1 and 2. Please refer to those notes for important information about the source of data for Table No. 3.

(2) The Highest Monthly Gross Sales in Year is the amount of Gross Sales received by either Company-Owned Unit that was the highest of the 12 months for that particular year. For example, the Highest Monthly Gross Sales in 2017 occurred in April 2017 and so the amount shown ($73,316) represents the Gross Sales for that month of the year, which was the highest Gross Sales for any given month in 2017.

(3) The Average and Median Monthly Gross Sales in Year is the average and median Gross Sales across both Units for every month in the listed year.

(4) The Lowest Monthly Gross Sales in Year is the amount of Gross Sales received by either Company-Owned Unit that was the lowest of the 12 months for that particular year. For example, the Lowest Monthly Gross Sales in 2017 occurred in August 2017 and so the amount shown ($46,136) represents the Gross Sales for that month of the year, which was the lowest Gross Sales for any given month in 2017.

(5) Business operations were adversely impacted in 2020 by the COVID-19 pandemic. The Highest and Lowest Monthly Gross Sales in Year shown for 2020 represent all months except those impacted by government-mandated operational shutdowns that year (specifically March, April, and May). Please see Note 5 to Table No. 1 for more information on the Gross Sales impacted by the COVID-19 pandemic.

(6) Year 2020 was the first year of operation for one of the two Company-Owned Units, so the Lowest Monthly Gross Sales was the first full month of operations for this Unit in 2020.

ADMONITION

Some Units have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

SUBSTANTIATION

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

Other than the preceding financial performance representation, we do not make any other financial performance representations. We also do not authorize our employees or representatives to make any such other representations orally or in writing. If you are purchasing an existing Unit, however, we may provide you with the actual records of that Unit. If you receive any other information or projections of your future income, you should report it to our management by contacting Khaled Habash, The Village Pup Franchising, LLC at 42620 Caroline Court, Suite 103, Palm Desert, CA 92211 and (833) 488-7877, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 – OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System wide Unit Summary
For Years 2019 to 2021

Column 1 Unit Type	Column 2 Year	Column 3 Units at the Start of the Year	Column 4 Units at the End of the Year	Column 5 Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned	2019	1	2	0
	2020	2	2	0
	2021	2	2	0
Total Units	**2019**	**1**	**2**	**0**
	2020	**2**	**2**	**0**
	2021	**2**	**2**	**0**

Table No. 2

Transfers of Units from Franchisees to New Owners (other than Us)
For Years 2019 to 2021

Column 1 State[1]	Column 2 Year	Column 3 Number of Transfers
California[1]	2019	0
	2020	0
	2021	0
Total	**2019**	**0**
	2020	**0**
	2021	**0**

[1] No other states are involved

Table No. 3

Status of Franchise Units
For Years 2019 to 2021

Col. 1 State[1]	Col. 2 Year	Col. 3 Units at Start of Year	Col. 4 Units Opened	Col. 5 Termin-ations	Col. 6 Non-Renewals	Col. 7 Re-acquired by Us	Col. 8 Ceased Operations-Other Reasons	Col. 9 Units at End of the Year
California[1]	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Totals	**2019**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**

[1] No other states are involved

Table No. 4

Status of Company-Owned Units
For Years 2019 to 2021

Column 1 State[1]	Colum n 2 Year	Column 3 Units at Start of Year	Column 4 Units Opened	Column 5 Units Reacquired From Franchisee	Column 6 Units Closed	Column 7 Units Sold to Franchisee	Column 8 Units at End of the Year
California[1]	2019	1	1	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
Totals	**2019**	**1**	**1**	**0**	**0**	**0**	**2**
	2020	**2**	**0**	**0**	**0**	**0**	**2**
	2021	**2**	**0**	**0**	**0**	**0**	**2**

[1] No other states are involved

Table No. 5

Projected Openings as of December 31, 2021

Column 1 State[1]	Column 2 Franchise Agreements Signed But Unit Not Open	Column 3 Projected New Franchise Units In the Next Fiscal Year	Column 4 Projected New Company Owned Units in the Next Fiscal Year
California[1]	0	3	0
TOTALS	**0**	**3**	**0**

[1] No other states are involved

LIST OF CURRENT FRANCHISEES

Exhibit Q contains the names, addresses and telephone numbers of all -0- Franchise Businesses under a Franchise Agreement with us, -0- Franchise Units that are operational and -0- Franchisees that have signed Franchise Agreements with us but whose Franchise Units are not yet operational.

LIST OF FORMER FRANCHISEES

Exhibit Q also contains the names, last known home addresses and home telephone numbers of the -0- Franchise Businesses that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document.

YOUR CONTACT INFORMATION

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

CONFIDENTIALITY AGREEMENTS

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

TRADEMARK-SPECIFIC FRANCHISEE ORGANIZATIONS

The name, address, telephone number, e-mail address, and Web address (to the extent known) of each trademark-specific franchisee organization associated with the franchise system:

None

ITEM 21 - FINANCIAL STATEMENTS

Since we have not been in business for 3 years or more, we cannot include all the financial statements required under the FTC Franchise Rule. Our opening audited balance sheet as of January 22, 2022 is attached as Exhibit R.

Our fiscal year ends December 31.

ITEM 22 - CONTRACTS

The following contracts, agreements and other relevant documents are attached as Exhibits to this Franchise Disclosure Document:

C Deposit Agreement

D Franchise Agreement

E Approved Location Addendum to Franchise Agreement

F Conversion Addendum to Franchise Agreement

G Area Development Agreement

H State Addenda to Franchise Agreement and Area Development Agreement (if applicable)

I Authorization Agreement for Credit Card and Direct Withdrawals (ACH Debits)

J Guaranty of Developer's/Franchisee's Obligations

K Agreement with Landlord

L Telephone Number and Directory Advertising Assignment Agreement

M Security Agreement

N Franchisee Closing Questionnaire

O Franchise Termination and Release Agreement

ITEM 23 - RECEIPTS

You will find copies of a detachable Receipt attached as Exhibit S at the very end of this Franchise Disclosure Document. It is not a binding contract. This merely verifies that you have received this Franchise Disclosure Document. Please complete and sign both copies. Keep a copy of your files and mail the other copy to us.

EXHIBIT A – STATE ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

The States of California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia and Washington require that we amend the Franchise Disclosure Document and Franchise Agreement to conform to their state's franchise laws as part of the state's registration and approval of the franchise offering. We must do this before we offer or sell any franchises intended to be operated in those states or to residents of these states. If we have registered in any of these states, attached are the applicable Addendum to Franchise Disclosure Document in this Exhibit and Addenda to Franchise Agreement and Area Development Agreement (included in Exhibit G) that apply only to residents of that state and/or where The Village Pup Franchise will be operated in that state.

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS INVOLVING THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT ("FDD").

2. ITEM 3 is amended to add: Neither we, nor any person in ITEM 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. § 78 *et seq.*, suspending or expelling these persons from membership in that association or exchange.

3. ITEM 6 and ITEM 10 are amended to add that the maximum interest rate in California is 10% annually.

4. ITEM 17: The following additional paragraphs are added:

(a) California Business and Professions Code §§ 20000 through 20043 provides you rights concerning termination, transfer or nonrenewal of a Franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law controls.

(b) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.)*

(c) 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.

(d) The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

(e) The Franchise Agreement requires binding arbitration. The arbitration will occur in Riverside County, California with the costs being born by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (including Business and Professions Code § 20040.5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(f) The Franchise Agreement requires application of the laws of the State of California. This provision may not be enforceable under California law.

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

5. Section 31125 of the California Corporations Code requires us to give you a Franchise Disclosure Document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise (California Corporation Code §§ 31000 through 31516).

6. Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act. (Business and Professions Code §§ 2000 through 20043).

1. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dbo.ca.gov.

8. Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.

EXHIBIT B -LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 (866) 275-2677	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104
Hawaii	Business Regulation Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities 335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General 500 S. Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State Securities Division Room E-11 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
Maryland	Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner 200 Saint Paul Place Baltimore, MD 21202-2021
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau 6546 Mercantile Way P.O. Box 30222 Lansing, MI 48910
Minnesota	Securities Unit Minnesota Department of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	The Commissioner of Commerce of Minnesota Department of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101-2198

State	State Administrator	Agent for Service of Process
New York	NYS Department of Law Financial Investor Protection Bureau 28 Liberty, 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol 5th Floor, Department 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Bismarck, ND 58505-0510
Oregon	Department of Consumer and Business Services Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	Department of Consumer and Business Services Labor and Industries Building Salem, Oregon 97310 (503) 378-4140
Rhode Island	Chief Securities Examiner Division of Securities John O. Pastore Building 69-1 1511 Pontiac Avenue Cranston, RI 02920-4407 (401) 462-9500	Director of Rhode Island Department of Business Regulation John O. Pastore Building 69-1 1511 Pontiac Avenue Cranston, RI 02920-4407
South Dakota	Franchise Administrator Department of Labor & Regulation Division of Insurance Securities Regulation 124 South Euclid, 2nd Floor Pierre, SD 57501 (605) 773-3563	Director Department of Labor & Regulation Division of Insurance Securities Regulation 124 South Euclid, 2nd Floor Pierre, SD 57501
Virginia	State Corporate Commission Division of Securities and Retail Franchising 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, VA 23219
Washington	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98504 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road. SW Tumwater, WA 98501

State	State Administrator	Agent for Service of Process
Wisconsin	Franchise Administrator Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 (608) 266-8559	Commissioner of Securities of Wisconsin 101 East Wilson Street Madison, WI 53702
All Other States	Not Applicable	Keith J. Kanouse, Esq. Kanouse & Walker, P.A. 6879 Giralda Circle Boca Raton, FL 33433

EXHIBIT C - DEPOSIT AGREEMENT

3/31/22

DEPOSIT AGREEMENT

______________________, ("you" or "your") have made a formal application for a The Village Pup Franchise (the "Franchise Business"). The Village Pup Franchising, LLC ("we, "us" or "our") acknowledge receipt of $25,000 (the "Deposit Fee"), which you are depositing with us as an indication of your *bona fide* intent to enter into a The Village Pup Franchise Agreement. You acknowledge that you have received from us a copy of our Franchise Disclosure Document dated March 31, 2022 (the "FDD") that includes as exhibits this Deposit Agreement (Exhibit C), the Franchise Agreement and all other exhibits listed in the FDD's Table of Contents. You acknowledge that you have had a copy of the FDD for at least 14 days before you signed this Agreement, or before you paid us the Deposit Fee or any other consideration for a The Village Pup Franchise. The dispute resolution provisions of ARTICLE 17 of the Franchise Agreement are incorporated into this Agreement by reference and are a part of this Agreement.

You understand that, in reliance on your signing this Agreement and giving us the Deposit Fee, we will exert a substantial amount of time and effort in advising you and evaluating suitable locations you propose for a The Village Pup Franchise Business within ____________________________ (the "Reserved Area") and in undertaking various other steps preliminary to the granting of a The Village Pup Franchise. We expect that the parties will sign the Franchise Agreement and related documents within the next 30 days. If you desire to cancel this Agreement within the next 30 days, you must give us written notice and we will return the Deposit Fee to you less the out-of-pocket expenses we have incurred. You must also sign the Franchise Termination and Release Agreement included as Exhibit O. If you do not cancel, you must sign the Franchise Agreement 8 days after you receive the execution version of the Franchise Agreement and related documents. If you timely sign the Franchise Agreement and related documents, we will credit the entire Deposit Fee against the Initial Franchise Fee. If you fail to timely sign the Franchise Agreement and related documents, we will retain the entire Deposit Fee to compensate us for our expenses, and for the time and effort that we expended in reliance upon your Franchise Application and for our lost opportunities.

In consideration of the services we will render to you, you agree not to disclose or make use of, directly or indirectly, any trade secrets or confidential information we disclose to you in reliance on this Agreement, including contemplated locations for a Franchise Business, demographic data, methods of financing, sources of supply, merchandising techniques and operating methods. This provision is effective regardless of whether the parties sign a Franchise Agreement. If the parties do not sign a Franchise Agreement and related documents within the specified time, you will immediately return to us copies of any documents or other materials we have provided to you, in whatever form, that are in your possession or in the possession of your advisors, and will verify in writing that you have returned all copies to us.

The Village Pup Franchising, LLC

By: ________________________________
Khaled Habash, Manager

By: ________________________________
Tammy Jenz, Manager

Dated: ________________, 2022

____
Depositor's Signature

Dated: ________________, 2022

EXHIBIT D - FRANCHISE AGREEMENT

5/24/22

THE VILLAGE PUP FRANCHISE AGREEMENT

between

The Village Pup Franchising, LLC,
a California limited liability company

(Franchisor)

and

_________________________,
a _________ limited liability company

(Franchisee)

Dated: _____________, 2022

Reserved Area: _____________________

Approved Location: _________________________

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EXHIBIT A – MAP OF LIMITED PROTECTED TERRITORY

THE VILLAGE PUP FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is signed on ____________, 2022 between The Village Pup Franchising, LLC, a California limited liability company, as the Franchisor, and __________________________, as the Franchisee.

We have written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that this Agreement covers before you sign it. In this Agreement, we refer to The Village Pup Franchising, LLC, the Franchisor, as "we," "us" or "our." We refer to the Franchisee as "you" or "your." If you are a Business Entity, we refer to its equity owners as the "Franchise Owners." All capitalized terms are defined in ARTICLE 18.

BACKGROUND

A. Our affiliate, Live by Faith, LLC, a California limited liability company ("Live by Faith"), has developed and owns a business that offers dog daycare, boarding, grooming and training services operating under the trade name "The Village Pup® (the "Principal Trademark").

B. The distinguishing proprietary characteristics of the business include: distinctive sales and operating methods; sources of supply; uniform standards; procedures for the management of the business and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the business; an Operation & Policies Manual; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop (collectively, the "Business System").

C. The Principal Trademark, other Marks and Business System are owned by Live by Faith. We have a License Agreement with Live by Faith granting to us the right to sublicense the Principal Trademark and other Marks to you. We also grant to you the right to use the Business System to own and operate a The Village Pup Franchise Business. You understand that Live by Faith does not have any liability to you for our performance under the terms of this Agreement.

D. You recognize the benefits of owning and operating The Village Pup Franchise (the "Franchise Business") and desire to enter into this Agreement.

E. You have had sufficient time and opportunity to evaluate and investigate the business concept and the procedures and financial requirements associated with the development and operation of the Franchise Business as well as the competitive market in which it will operate.

-

F. You have had a full and adequate opportunity to seek independent legal counsel to advise you of the terms and conditions of this Agreement and your rights and obligations to us under this Agreement.

G. We have reviewed your application and have decided to award a The Village Pup Franchise to you evidenced by this Agreement.

TERMS

The parties agree as follows:

ARTICLE 1 - APPOINTMENT

SECTION 1.1 GRANT OF FRANCHISE

We grant to you the right and you undertake the obligation, to develop and operate a Franchise Business subject to the terms of this Agreement. You will operate the Franchise Business in accordance with the Business System. We grant you the right to use the Principal Trademark and other Intellectual Property. You will operate the Franchise Business only at the location described in Section 1.2.

SECTION 1.2 LOCATION OF YOUR FRANCHISE BUSINESS

(a) **Existing Business Premises**. You agree that you will operate your Franchise Business only at the Business Premises described in Section 18.1. If you are a Conversion Franchisee, the parties will sign the Conversion Addendum attached as Exhibit F to the FDD.

(b) **Business Premises to be Determined**. If the Business Premises do not exist at the time the parties sign this Agreement, the Business Premises will be at a location that you select and we approve. We will describe the approved location in the Approved Location Addendum attached as Exhibit E to the FDD that the parties will sign at that time.

SECTION 1.3 LIMITED PROTECTED TERRITORY

(a) **No Exclusive Territory.** We do not grant you an exclusive territory.

(b) **Limited Protected Territory**. We grant you a Limited Protected Territory that we define by city or part of the city having a population of at least 25,000 people as determined by the latest U.S. Census data defined in Section 18.1 and designated by the Map attached as Exhibit A, if the Business Premises exist that we have approved. If the Business Premises do not exist at this time, we will describe the Limited Protected Territory and Map in the Approved Location Addendum once you obtain a location that we approve. During the Initial Term, if you are not in default, we agree not to open the Business Premises of a Company-Owned Unit within your Limited Protected Territory or franchise another The Village Pup Franchise having Business Premises located within your Limited Protected Territory except at any Non-Traditional Location. This does not mean that there might not be overlap with a Company-Owned Unit's or another Franchised Unit's limited protected territory as long as the Business Premises of the Company-Owned Unit or the other Franchised Unit is not physically located in your Limited Protected Territory. In addition, we expressly reserve the rights stated in Section 5.7 that are superior to your rights.

(c) **Right of First Refusal**. If we find a Non-Traditional Location within your Limited Protected Territory and you are otherwise qualified by the owner/landlord of the Non-Traditional Location, we will offer you a 30-day right of first refusal to own and operate The Village Pup Franchise at the Non-Traditional Location.

SECTION 1.4 NON-FRANCHISED TERRITORIES (GREENFIELDS); CUSTOMER'S DECISIONS

(a) **Greenfields**. If you receive an inquiry from a potential customer who resides and works outside your Limited Protected Territory and the customer does not reside or work within the limited protected territory of another Franchisee, you may solicit, sell and provide services and products to the customer. However, if we later award The Village Pup Franchise whose limited protected territory includes the territory in which the customer resides or resides; you must notify the customer regarding the new Franchisee immediately upon our written notice to you.

(b) **Customer's Decision**. Notwithstanding Subsections 1.2(b) and 1.4(a), customers may elect to contract with any TVP Franchise Business regardless of where the customer resides or works.

SECTION 1.5 RELOCATION OF YOUR FRANCHISE BUSINESS

(a) **Loss of Lease**. If you lease the Business Premises and the lease expires or terminates before the expiration of this Agreement (provided termination is not due to your default), we permit you 60 days to obtain a lease of new Business Premises within your Limited Protected Territory. The relocated Business Premises must not infringe upon the Limited Protected territory of a Company-Owned Unit or another Franchised Unit then operating or under development. We must approve the new location in writing in accordance with Section 2.1. You have 120 days from the date you sign a new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time. We may require that you engage in another Grand Opening Advertising Program. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

(b) **Casualty**. If the Business Premises is substantially destroyed by fire or other casualty and the lease is terminated by either you or landlord as a result of the casualty, we permit you 60 days in which to locate and sign a lease of the new Business Premises within your Limited Protected Territory following the date on which the lease is terminated. The relocated Business Premises must not infringe upon the limited protected territory of a Company-Owned Unit or another Franchised Unit then operating or under development. We must approve the new location in writing in accordance with Section 2.1. You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time. We may require that you engage in another Grand Opening Advertising Program. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part. The provisions of this Section are not applicable if the Business Premises is substantially destroyed by fire or other casualty, but the lease is not terminated as a result of the casualty, so long as you re-open the Business Premises for the full operation of a The Village Pup Franchise in compliance with this Agreement within 180 days from the date of the casualty, unless we otherwise agree in writing to extend the 180-day period.

(c) **Condemnation**. You will give us notice of any proposed taking of the Business Premises by eminent domain, as soon as possible. We permit you 60 days from the date you have to vacate the Business Premises to obtain a lease for the new Business Premises within your

Limited Protected Territory. The relocated Business Premises must not infringe upon the limited protected territory of a Company-Owned Unit or another Franchised Unit then operating or under development. We must approve the new location in writing in accordance with Section 2.1. You have 120 days from the date you sign the new lease in which to open and begin operating the Franchise Business, unless we otherwise agree in writing to extend the time. We may require that you engage in another Grand Opening Advertising Program. Your failure to secure a new location and begin operation within the specified times is an Event of Default on your part.

(d) **Forced Relocation by Landlord**. If you lease the Business Premises and the landlord requires you to relocate to another space within the mall or center, we permit you relocate in accordance with the terms of your lease.

(e) **Relocation Fee**. If you must relocate your Franchise Business, you will reimburse us for our costs incurred in assisting you with relocation plus a 15% administrative fee based on our actual costs.

ARTICLE 2 - OUR DUTIES

We will provide you with the following initial and ongoing assistance and services, as long as you are not in default under this Agreement:

SECTION 2.1 LOCATION SELECTION ASSISTANCE

(a) **Our Approval of Location**. You must obtain our written approval of the proposed Location for the Business Premises for your Franchise Business before you sign a lease or begin any construction. You have 90 days from the Agreement Date to find an approved Location.

(b) **Location Selection Criteria**. We will supply you our Location selection criteria. Within 90 days after signing this Agreement, you must find a location that you believe meets our criteria. You must send to us all material information regarding the proposed location including, but not limited to: (a) pictures of the Location; (b) population demographics within a 10-mile radius of the Location; (c) zoning requirements; (d) a conditional use permit if one if required by the local municipality; (e) ingress and egress patterns; (f) the predominant characteristics of the surrounding area; (g) competitive businesses within the area; (h) the nature of other businesses in proximity to the Location; (i) the size, appearance and other physical characteristics of the Location; and (j) a video of the proposed location. We will not unreasonably withhold our approval of any Location meeting our standards.

(c) **Review of Information**. We will review the information contained in your location approval submissions on a first-in basis but within 10 days of your submission. If we do not approve the location, you have 30 days in which to submit a new location within the Reserved Area for our written approval. If we deem it necessary to have one of representatives to perform an on-site evaluation of the proposed location, you will reimburse us for the representative's costs for travel, meals and lodging.

(d) **Approval of Location**. We will accept or reject the proposed site in accordance with our then current site selection criteria. The location of The Village Pup Franchise Business is an important and integral part of our brand image. Accordingly, our decision to accept or reject a proposed location rests in our sole discretion and business judgment. Our acceptance of a proposed location must take place in writing to be effective. You agree that once we reject a proposed location, you will not proceed further with developing any rejected location, but will seek to locate an acceptable location. The acquisition by you, in any manner, of any proposed site before our acceptance will take place at your sole risk and responsibility and will not obligate us in any way to accept the location.

(e) **Failure to Find Location**. If you fail to find a suitable location within 90 days from the Agreement Date that we approve, we have the right to terminate this Agreement and retain 50% of the Initial Franchise Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities. If we terminate the Franchise Agreement, you will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O to the FDD.

(f) **No Special Expertise. WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING LOCATIONS FOR THE OPERATION OF A FRANCHISE BUSINESS. OUR APPROVAL OF A LOCATION IS NOT A REPRESENTATION OR WARRANTY THAT THE FRANCHISE BUSINESS WILL BE PROFITABLE OR THAT YOUR SALES WILL ATTAIN ANY PREDETERMINED LEVELS. OUR APPROVAL IS ONLY OUR INDICATION THAT THE PROPOSED LOCATION MEETS OUR MINIMUM CRITERIA FOR IDENTIFYING LOCATIONS.**

SECTION 2.2 LEASE ASSISTANCE

If you intend to lease your Business Premises from a third party, we will advise you in your lease negotiations including giving you our Franchise/Tenant Lease Negotiation Guidelines contained in the Operation & Policies Manual. Any lease must provide that the effectiveness of the lease is conditioned upon your obtaining our written approval. Our approval will be given when we, you and the property owner sign our form of Agreement with Landlord attached as Exhibit K to the Franchise Disclosure Document. We recommend you submit the Agreement with Landlord to the landlord at the beginning of your lease review and negotiation, although the terms of the Agreement with Landlord may not be negotiated without our prior approval. If the landlord requires us to negotiate the Agreement with Landlord, we reserve the right to request that you reimburse us for our actual costs associated with the negotiation including our attorneys' fees. You must sign a lease for the approved location within 150 days after the Agreement Date. You must e-mail us a PDF copy of the signed Lease and Agreement with Landlord within 5 days of its signing. **WE DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN NEGOTIATING LEASES. YOU AGREE THAT OUR APPROVAL OR DISAPPROVAL OF A PROPOSED LEASE DOES NOT IMPOSE ANY LIABILITY ON US.**

SECTION 2.3 PLANS AND SPECIFICATIONS

We will loan to you our prototype architectural drawings for the Business Premises (which may include sample floor plans) "(Drawings") for the construction of the Business Premises for use by your general contractor and architect to prepare your final plans and specifications. We also loan to you our specifications and standards pertaining to equipment, signage, fixtures, furnishings, accessory features, and design and layout we make available to you. (collectively, the "Design Specifications"). The Drawings and Design Specifications may vary in their design and decor by region of the country, at our sole discretion. The Drawings and Design specifications are contained in the Operation & Policies Manual. On or before the Opening Date, you must return these Drawings and Design Specifications to us upon our written request.

SECTION 2.4 BUSINESS PLANNING ASSISTANCE

You may prepare your own business plan and/or pro forma financial projections. You understand and agree that we will only review and comment on any business plan and/or pro forma financial projections you prepare after you sign this Agreement. We may provide you with referrals to companies offering working capital lines of credit, term loans, retirement fund rollover programs, and/or equipment lease financing.

SECTION 2.5 WEBSITE; MOBILE APP AND INTRANET

We have created a Website, www.thevillagepup.net. for use by our Franchisees and us. We will list your Franchise Business on our Website. We have also created a Mobile App for each Franchisee to include the Franchisee's contact page, hours of operation, services offered, links to pup camps, and pricing. We reserve the right to create an Franchise Intranet System and charge you a monthly fee in the future.

SECTION 2.6 ACCOUNTING AND INVENTORY CONTROL SYSTEMS

We will provide you with standardized accounting and inventory control systems using the KennelLink kennel management software.

SECTION 2.7 LISTS, FORMS AND SCHEDULES

The Operation & Policies Manual and/or supplemental documentation or electronic files include the following for use in the operation of the Franchise Business:

(a) **List of Items**. A list of equipment, fixtures, furnishings, supplies, materials, inventory and other items necessary to open and operate your Franchise Business and a list of Designated Suppliers, Approved Suppliers, and product specifications if applicable;

(b) **Specifications**. Specifications for business cards, point-of-sale materials, reporting documents and other business forms and materials we deem necessary for the operation of the Franchise Business that you purchase from Approved Suppliers.

(c) **Reporting**. Requirements regarding your establishment of reporting systems; bookkeeping procedures; and accounting procedures that you must establish and implement at the Franchise Business.

(d) **Forms/Guides.** We will supply you with our form of employee training guide and customer service agreement.

(e) **Materials**. We will loan you copies of our advertising and marketing materials.

WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY AGREEMENTS OR FORMS WE PROVIDE TO YOU. YOU MUST RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE THESE AGREEMENTS AND FORMS SO THEY COMPLY WITH ALL APPLICABLE FEDERAL AND STATE LAWS.

SECTION 2.8 EMPLOYEE INFORMATION AND ASSISTANCE

We will provide you employee hiring information including pay scale guidelines and a standardized interviewing/selection system as described in the Operation & Policies Manual. No employee of yours is an employee of ours for any purpose whatsoever. You are solely responsible for the hiring, managing, disciplining, supervising, promoting and firing of your employees and the establishment of their work schedules and compensation including rates and method of payment as provided in Section 4.5. We do not obtain or retain your employees' employment records.

SECTION 2.9 INITIAL TRAINING

(a) **<u>Initial Training</u>**. We will provide 10 days of Initial Training for up to 4 Trainees at our Corporate Office and Company-Owned Units in Palm Desert and La Quinta, California. We must approve all Trainees. You, a Franchise Owner or a Designated Representative must be one of the Trainees. If you, the Franchise Owner or the Designated Representative will not be managing the day-to-day operations of your Franchise Business, you may designate another person as your General Manager to manage the day-to-day activities of your Franchise Business as the other Trainee. All Trainees must successfully complete our Initial Training to our satisfaction. Each Trainee who is not party to this Agreement or a Guarantor must sign our form of Confidentiality and Non-Competition Agreement (the form of which is included in the Operation & Policies Manual or otherwise provided in electronic form) as a condition of our approval. The Initial Training program includes business development; equipment, fixtures, furnishings, products, materials and supplies purchasing and sources of supply; instruction in marketing, promotion and advertising, merchandising techniques, sales techniques, customer service techniques; and procedures and policies for dog daycare, dog grooming, dog boarding and training services. Training programs may differ in content and length for you, a Franchise Owner or the Designated Representative, your General Manager and your other employees depending upon their previous experiences and their responsibilities at your Franchise Business. Initial Training is included in the Initial Franchise Fee. You are responsible for all expenses of the Trainees to attend Initial Training including all payroll, travel, lodging and meal expenses. If you elect to have more than 4 Trainees attend Initial Training, or have a Trainee who later attends Initial Training you must pay us a training fee for each additional person (currently $1,500) and pay all their expenses.

(b) **<u>Failure to Complete Initial Training</u>**. If you, a Franchise Owner or the Designated Representative, or your General Manager fails to complete Initial Training, as we reasonably determine, we may: (i) at your expense and direction, retrain the Trainee or train another Trainee; or (ii) elect to terminate this Agreement. If we elect to terminate this Agreement, we will retain 100% of the Initial Franchise Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities. You will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit ___ to the FDD.

(c) **<u>No Warranty of Success</u>**. Our determination that your Trainees have successfully completed any Initial Training, Pre-Opening On-Location Training or Additional Training is not a warranty or representation that a Trainee will successfully operate the Franchise Business or any aspect of the Franchise Business.

SECTION 2.10 LOAN OF THE OPERATION & POLICIES MANUAL

We will loan to you a copy of the Operation & Policies Manual and any supplemental manuals. Our practice is to deliver the Operation & Policies Manual to you after you sign this Agreement and prior to the commencement of Initial Training. We may also provide you an electronic file of the Operation & Policies Manual.

SECTION 2.11 PRE-OPENING INSPECTION

We will provide periodic on-Location inspection of the installation of the furniture, fixtures, furnishings, signage and equipment and will generally inspect the Business Premises. We do not deliver or install any of the equipment, fixtures, signs, etc. We will provide you with advice, as we deem appropriate, to ensure that you conform your Business Premises to our applicable standards before the Opening Date. We intend to conduct the inspection virtually. If we determine an onsite inspection is necessary, you will pay for our costs and expenses.

SECTION 2.12 PRE-OPENING ON-LOCATION TRAINING

As part of the Initial Franchise Fee, we will make available to you a minimum of 5 days of on-location assistance and training, in most instances conducted at your Franchise Business shortly before the Opening Date and during the first few days of operation, as we deem appropriate. The on-Location training program will cover material aspects of the operation of the Franchise Business including daily operations, financial controls, marketing techniques, maintenance of quality standards, employee hiring, training and customer service, inventory control, security standards, promotional techniques, purchasing and sales. You must provide us at least 4 weeks' advanced written notice of your Opening Date to schedule on-Location assistance and training. We do not charge a fee for on-Location assistance and training; however, you are responsible for our representatives' travel-related expenses.

SECTION 2.13 GRAND OPENING ASSISTANCE

We will assist you in the grand opening of the Franchise Business including social media promotion and providing you advice and guidance with regard to staffing, advertising, and hosting a grand opening event.

SECTION 2.14 ASSISTANCE WE DO NOT PROVIDE

We do not provide assistance with conforming the Business Premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the Business Premises, and or/hiring and training employees. These are your responsibilities.

SECTION 2.15 CONTINUED ASSISTANCE AND SUPPORT

Upon the opening of your Franchise Business, we will or may provide to you the following:

(a) **Field Visits**. We will assist you in the continued development and operation of your Franchise Business that may include periodic visits by one of our field representatives.

(b) **Assistance by Telephone, E-Mail and Web Meetings**. We will provide you with informational assistance by telephone, e-mail and web meetings including consultation on matters involving operations, customer service, advertising, promotion, and business methods.

(c) **Website.** We will maintain the Website for use by our Franchisees and us in accordance with Section 7.4.

(d) **E-mail Address and Accounts**. We will provide you The Village Pup e-mail addresses. We provide you up to 5 e-mail addresses, limited to Franchise Owners, the Designated Representative, your General Manager and supervisors. Any additional e-mail accounts will be provided at a cost of $15 per month. We own these e-mail addresses and accounts. We have established reasonable standards for e-mail accounts and their use, which we may periodically revise. You will have reasonable time within which to upgrade if and when our standards change. From time-to-time, we will send important information to your The Village Pup e-mail address. To stay informed on developments affecting the Business System and your Franchise Business, you agree to check your e-mail at least daily except for Sundays. You must respond to any request we send to you by e-mail that requires a response within 24 hours of your receipt of our e-mail. You must send to us an acknowledgment of receipt of all e-mails we send to you.

(e) **Production of Advertising Materials**. If we create and implement the Media Fund, we will make available to you various advertising, marketing, and promotional materials for your use in your DMA using funds from the Media Fund.

(f) **Advertising and Public Relations Campaigns**. If we create and implement the Media Fund, we will generally promote the Franchise Businesses through advertising and public relations campaigns using funds from the Media Fund.

(g) **Local Advertising and Marketing**. We will provide you advice on Local Advertising and Marketing that you will conduct in your Designated Marketing Area ("DMA").

(h) **Periodic Assistance**. We may provide advisory assistance to you in the operation and promotion of the Franchise Business, as we deem advisable. Advisory assistance may include additional training and assistance, communication of new developments, improvements in equipment and supplies, and new techniques in advertising, service and management relevant to the operation of the Franchise Business.

(i) **Additional Training**. We will provide additional training programs for you and your employees at our Corporate Training Facility if we determine that these training programs are required. You, a Franchise Owner or Designated Representative and your General Manager (if applicable) must attend and successfully complete, to our reasonable and sole satisfaction, a minimum of 75% of additional training programs we designate as required. We will not require additional training more frequently than once a year. However, if you receive an unsatisfactory inspection report from us and fail to promptly remedy the deficiencies, we may require you, a Franchise Owner, Designated Representative or your General Manager and designated employees to attend additional training as soon as reasonably possible. You are solely responsible for all expenses associated with these additional training programs including our then-prevailing training fee we charge for these programs (currently $300 per day for each attendee) and all travel, meals and lodging costs of your attendees. If additional training is conducted at your Business Premises, you will us a per diem fee of $1,000 per day and all travel, meals and lodging costs of our trainers.

(j) **Special Assistance**. At your request and based on the availability of our staff, we will provide on-location non-routine guidance and assistance to address your unusual or unique operating issues at our reasonable per diem fee (currently $1,000 per day) and our out-of-pocket expenses including travel, meals and lodging costs of our representative.

(k) **Resolving Operating Problems.** We will consult with you via phone, email and/or web meetings regarding resolving any operating problems you encounter.

SECTION 2.16 SUBLICENSE OF INTELLECTUAL PROPERTY

Subject to this Agreement, we sublicense to you the right to use the "The Village Pup®" Principal Trademark and the other Intellectual Property.

SECTION 2.17 OUR TEMPORARY OPERATION OF YOUR FRANCHISE BUSINESS

Upon the happening of any of the events described below, we have the right (but not the obligation) to enter your Business Premises and to operate and manage your Franchise Business on your (or your estate's) account until this Agreement is terminated, the assets are transferred to a party under Subsection 10.2(b), we purchase the assets, or until you resume control over your Franchise Business and you operate the Franchise Business in accordance with this Agreement. We may temporarily operate your Franchise Business on your behalf:

(a) **Cessation of Business**. If you fail to operate your Franchise Business 365 days per year or you abandon the Business Premises and cease operating the Franchise Business without our prior written consent, unless due to Force Majeure.

(b) **Death or Incapacity**. If you, a Franchise Owner or Designated Representative dies or becomes permanently incapacitated, and the assets comprising the Franchise Business or the ownership interests in the Franchisee, if a Business Entity, are not assigned promptly under Section 10.4.

(c) **Material Breach**. If you materially breach any of our standards and specifications for the operation of your Franchise Business after we have given any required written notice and any applicable cure period has expired.

(d) **Our Purchase of Assets**. If we elect to terminate this Agreement and we elect to purchase the assets comprising the Franchise Business as provided in Section 12.4.

If we elect to operate your Franchise Business, we will account to you or your estate for all net income from the operation less our reasonable expenses incurred and a management fee of $1,000 per week plus 10% of Gross Revenues (in addition to Royalty Fees and any Advertising and Marketing Contributions) for our management of your Franchise Business. Our operation and management will not continue for more than 30 days, but is renewable as necessary for up to 1 year. We will periodically discuss the status with you or the representatives of your estate.

SECTION 2.18 DUTIES SOLELY TO YOU

All of our obligations under this Agreement are only to you. No other party is entitled to rely on, enforce, or obtain relief for breach of the obligations directly or by subrogation.

SECTION 2.19 OUR RIGHT TO DELEGATE DUTIES

You agree to our right to delegate our duties under this Agreement to a Designee. You must discharge your duties with our Designee to the extent we request. We remain responsible for our obligations under this Agreement even if delegated to our Designee.

SECTION 2.20 OUR REASONABLE BUSINESS JUDGMENT

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations using reasonable business judgment in making our decision or exercising our rights. Our decisions or actions are deemed to be using reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the Business System generally, even if the decision or action also promotes our financial or other interest. Examples of items that will promote or benefit the Business System include enhancing the value of the Intellectual Property, improving customer service and satisfaction, improving service and product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Business System.

ARTICLE 3 - FEES AND PAYMENTS

SECTION 3.1 TYPES OF FEES

In consideration of our signing this Agreement, you must pay to us the following fees, all payable in United States currency and delivered to our corporate headquarters:

(a) **Initial Franchise Fee**. You must pay to us an Initial Franchise Fee of $__________ payable at the same time you sign this Agreement. You will receive a credit for any Deposit Fee previously paid under the Deposit Agreement included as Exhibit C to the FDD. We fully earn the Initial Franchise Fee upon receipt. The Initial Franchise Fee is non-refundable upon signing this Agreement except as expressly provided otherwise in this Agreement.

(b) **Royalty Fee**. You will pay a continuing non-refundable Royalty Fee equal to 6% of weekly Gross Revenues. .

(c) **Technology Fees**. In consideration of our providing you an e-mail account and 5 e-mail addresses, Your Home Page on our Website, and The Village Pup Mobile App, you will pay us an initial set up fee of $2,900.

(d) **Advertising and Marketing Contributions to Media Fund.** If we implement the Media Fund, you must pay to us a continuing Advertising and Marketing Contribution to the Media Fund in an amount equal to 1% of monthly Gross Revenues. We may increase the Advertising and Marketing Contribution up to 2% of monthly Gross Revenues upon 30 days written notice. We have the sole right to enforce your obligations and all other Franchisees that make Advertising and Marketing Contributions. Neither you, nor any other Franchisee obligated to make Advertising and Marketing Contributions, is a third-party beneficiary of the funds. Neither you, nor any other Franchisee has any right to enforce any obligation of another Franchisee to contribute the funds. We will use these funds to develop and produce advertising and/or marketing materials for use by us regionally and/or nationally and by you and the other Franchisees for your Local Advertising and Marketing activities. We may also use these funds to purchase advertising campaigns regionally and/or nationally for the benefit of our Franchisees.

(e) **Transfer Fee**. If you sell the assets used in the operation of the Franchise Business to your spouse or child, or to another Franchisee within the System, pursuant to Subsection 10.2(b), you must pay us a Transfer Fee of $5,000. If you sell the assets used in the operation of the Franchise Business to a third-party pursuant to Subsection 10.2(c), you must pay us a Transfer Fee of $25,000. The third-party purchaser must allocate at least $10,000 for "Under New Management" advertising.

(f) **Our Attorneys' Fees**. If after the Franchise Agreement is signed by the parties: (i) you request any waiver of any right of ours; (ii) our consent to any action of yours; or (iii) any letter, or notice of default or notice of termination sent to you, if we retain our attorneys to advise us or to take action, you agree to reimburse us for our attorneys' fees and costs. You will also reimburse us $1,500 for our attorney's fees in connection with the closing of the purchase of the Franchise (or $2,000 if an Area Development Agreement is also signed); $2,500 for our attorney's fees in connection with the sale of the Franchise Business; and $1,500 for our attorney's fees in connection with the renewal of the franchise relationship.

(g) **Other Fees**. There are other fees, and reimbursement and indemnification obligations on your part contained in this Agreement and disclosed in ITEM 6 of the FDD.

SECTION 3.2 ELECTRONIC PAYMENT SCHEDULE

You must compute all amounts due and owing to us for Royalty Fees, E-Mail accounts, Website Home Page Fee, and Advertising and Marketing Contributions, and pay these amounts to us using the Electronic Payment System described in Section 3.3. All other amounts due to us from you are payable as specified in this Agreement. If we do not specify a due date, these amounts are due upon receipt of our invoice. Any payment or report not actually received by us on or before the due date is overdue.

SECTION 3.3 ELECTRONIC PAYMENT SYSTEM

(a) **Operating Account**. You will open a separate operating account with a bank for the Franchise Business. You will make all payments to us and our Affiliates by pre-authorized transfers from the operating account by electronic fund transfers that we process at the time any payment is due in accordance with the Authorization Agreement for Credit Card and Direct Withdrawals (ACH) included in Exhibit I of the FDD (the "Electronic Payment System"). You will cooperate with us to implement the Electronic Payment System within 15 days before the Opening Date. You agree to cooperate with us in maintaining the efficient operation of the Electronic Payment System including depositing all Gross Revenues you receive into your operating account within 1 Business Day of receipt.

(b) **Instructions to Bank**. You will give your bank instructions that we approve and will obtain the bank's agreement to follow these instructions. You will provide us with copies of these instructions and agreement. The bank's agreement may not be withdrawn or modified without our written approval. You will also sign all other forms for funds transfer as the bank or we may request.

(c) **Copies of Statements**. We may require that your bank send to us a monthly statement of all activity in the designated account at the same time the bank sends the statements to you. The bank must agree to send to us any other reports of the activity in the operating account, if we reasonably request.

(d) **Other Accounts**. If you maintain any other bank accounts for your Franchise Business, you must identify these accounts to us and provide to us copies of the monthly statements for all these accounts and the details of all deposits and withdrawals to them upon our written request.

(e) **Bank Charges**. You will pay all charges imposed by your bank. We will pay the charges imposed by our bank for the Electronic Payment System.

SECTION 3.4 INTEREST ON LATE PAYMENTS; LATE CHARGE

(a) **Interest**. If any payment under this Agreement or any other agreement between us or our Affiliates and you for your Franchise Business is overdue for any reason, you must pay to us, on demand, in addition to the overdue amount, any insufficient funds (NSF) charges we incur and interest on the overdue amount from the date it was due until paid equal to the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.

(b) **Late Charge**. You must also pay a late charge of $100 for each overdue payment.

(c) **NSF Charges**. If you deliver a check which is returned due to insufficient funds or is otherwise not paid, we may assess you a service charge of $25.

SECTION 3.5 APPLICATION OF PAYMENTS

We have sole discretion to apply any payments you make to us to your past due indebtedness including Royalty Fees, Advertising and Marketing Contributions, purchases from us or our Affiliates, interest, NSF charges, or any other indebtedness of you to us or our Affiliates in any manner we choose regardless of your designation.

SECTION 3.6 SECURITY INTEREST

As security for your payment and performance of all of your obligations to us under this Agreement including all costs, expenses, advances and liabilities that we may incur in connection with this Agreement (the "Secured Obligations"), you grant to us a first priority security interest in the assets used to operate the Franchise Business (the “Secured Assets”) under the applicable Uniform Commercial Code in the state in which the Franchise Business is located. You will sign the Security Agreement included as Exhibit M to the FDD.

SECTION 3.7 NO WITHHOLDING

You agree that your obligations to make payments under this Agreement and any other agreement entered into with our Affiliates or us for your Franchise Business, and our rights and those of our Affiliates to receive these payments, are absolute and unconditional. All payments are not subject to any withholding, abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us, any of our Affiliates, any of our Designees, or against any other person for any reason.

ARTICLE 4 - YOUR DUTIES

SECTION 4.1 ACQUISITION OF THE LOCATION

(a) **Location Approval**. You are solely responsible for selecting the location for the Franchise Business. We may provide you advisement in findings suitable locations. If an approved location does not exist at this time; you must complete the acquisition or lease arrangements within 150 days after the Agreement Date and obtain our written approval under Section 2.1. If we have not approved a location within 150 days after the Agreement Date, we have the right to terminate this Agreement. Upon termination we will refund to you 50% of the Initial Franchise Fee to you without interest, and we will retain the balance to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities. You will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O to the FDD.

(b) **Lease of the Location**. We must approve any lease of the Business Premises. You must deliver a copy of the proposed lease to us at least 15 days before you sign it. The property owner, you and we must sign our form of Agreement with Landlord included in Exhibit K to the FDD.

SECTION 4.2 CONSTRUCTION OF FRANCHISE BUSINESS

(a) **Prototype Plans and Specifications**. You must use the prototype architectural drawings for the Business Premises, and our specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, accessory features and design and layout we make available to you.

(b) **Construction Process**. You must promptly after obtaining possession of the Business Premises for the Franchise Business: (i) retain the services of an architect to create your building plans, which we must approve; (ii) retain the services of a general contractor; (iii) obtain all necessary permits, licenses and architectural seals; (iv) use only approved building materials, equipment, fixtures, furniture and signs; (v) complete the construction and the equipment, fixtures, furniture and sign installation and decorating of the Franchise Business in full and strict compliance with the building plans and specifications we have approved and in full compliance with all applicable laws, ordinances, building codes and permit requirements including the Americans With Disabilities Act without any unauthorized alterations; and (vi) obtain all customary contractors' sworn statements and partial and final waivers. You must begin substantial construction (site work, utility infrastructure and building erection) of the Franchise Business within 210 days after the Agreement Date. It is your responsibility to comply with the foregoing conditions. If your Franchise Business is not constructed according to the previously consented building plans with only minor variations in order to comply with governmental requirements and codes, or to address unforeseeable property conditions, we may not approve your Franchise Business for opening. You will have 30 days from the date we deny our approval for opening your Franchise Business to correct all the construction problems so that your Franchise Business is constructed in accordance with the requirements set forth above. If you fail to correct the problems within the 30-day period, or if the correction is of a nature that requires more than 30 days, and you fail to commence such correction within the 30-day period and/or fail to diligently pursue such correction thereafter, we may immediately terminate this Agreement. In this event you will also sign and deliver to us the Franchise Termination and Release Agreement in the form included as Exhibit O to the FDD. If the Franchise Business opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay. We reserve the right to require you to retain the services of a company specialized in assisting Franchisees during the construction process to assist you in submitting, processing, monitoring and obtaining in a timely manner all necessary construction documents, licenses and permits and to advise you throughout the construction of your Franchise Business. Construction must be completed and the Franchise Business open for business within 315 days after the Agreement Date.

(c) **Changes**. Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Franchise Business to be made after our consent is granted for initial plans, whether at your request or our request must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

(d) **Construction Progress Reports**. We may require you to provide us weekly development and construction progress reports in the form we designate from the date you begin development until the date you open the Franchise Business. For instance, you may be required to contact the designated project manager and provide construction manual checklists and digital photos during construction on a weekly basis. You agree that our representatives have the right to inspect the construction at all reasonable times. You agree that time is of the essence in constructing and opening your Franchise Business.

(e) **Loan Documents**. In addition, on or before the deadlines to start construction, you must submit to us signed copies of any loan documents and any other document that proves that you have secured adequate financing to complete the construction of the Franchise Business by the date you are obligated to have the Franchise Business open and in operation. If you fail to begin construction or to secure financing pursuant to this Section, we will have the right to terminate this Agreement without opportunity to cure.

SECTION 4.3 EQUIPMENT, FURNITURE, FURNISHING AND FIXTURES

You must purchase from Designated Suppliers and Approved Suppliers all the equipment, furniture, furnishings and fixtures necessary to operate the Franchise Business as set forth in the Operation & Policies Manual or otherwise provided in writing.

SECTION 4.4 COMPUTER AND POS SYSTEMS

(a) **Procurement and Installation**. Before the Opening Date, you must procure and install at your Franchise Business the Computer and POS Systems and iDogCam video surveillance system that we specify in the Operations and Policies Manual or otherwise in writing. The Computer and POS Systems include all hardware and software used in the operation of the Franchise Business, including a Mac computer, iPads, the KennelLink kennel management software, an electronic point-of-sale system, and back-office programs used to record, analyze, and report sales, labor, inventory and tax information.

(b) **IP Address**. We may require that you obtain a dedicated IP address for use with the Computer and POS Systems. Static IPs may also be required for the iDogCam video system. You are responsible for all charges for these services.

(c) **License of Software**. The computer software package developed for use in the Franchise Business includes proprietary KennelLink kennel management software developed by Kennel Link, LLC and the Clover® Business POS System developed by Clover Network Inc. We will require you to license the proprietary software from the licensors and pay the software licensing or user fees in connection with your use of the proprietary software. You must also purchase a license to use the QuickBooks Online accounting system from Intuit Inc. All right, title and interest in the software will remain with the licensor of the software. We reserve the right to change software providers. You may only use software vendors we approve.

(d) **Our Right of Access.** You will provide any assistance we require to bring the Computer and POS Systems "on-line" with our Internet-based system. You agree that we have the right to view and retrieve all data and information from your Computer, KennelLink software, Clover Merchant Services System, QuickBooks software, and iDogCam video surveillance system as we deem necessary. You retain ownership all rights to the business and customer data and financial information collected via the Computer, KennelLink software, and on our Website. The information includes customer data, financial data, customer demographic information, customer purchasing data, business and financial records and reports, and all other information that we designate in the Operation & Policies Manual or otherwise in writing. We do not obtain information regarding your employees' work schedules, compensation including rate and method of payment and employment records; however you must provide us with your login credentials for Kennellink and Clover.

(e) **Maintenance and Upgrades**. To ensure full operational efficiency and communication capability between your Computer and POS Systems and our Internet-based system, you will keep the Computer and POS Systems in good maintenance and repair. You will install all additions, changes, modifications, substitutions and/or replacements to your POS System's hardware and software (specifically including remaining compliant with the current PCI Security Standards Council standards to enhance payment card data security), and your telephone and power lines, that we specify, in our sole discretion, in the Operation & Policies Manual or otherwise on a Network-wide basis subject to the Capital Expenditure Limitation. We have no obligation to provide ongoing upgrades and updates to the Computer and POS Systems. It may become necessary for you to replace or upgrade the entire Computer and POS Systems with a larger or different system capable of assuming and discharging all of those computer-related tasks and functions as we specify.

(f) **iPads.** You must purchase and install 3 to 5 iPads depending on the configuration of the Business Premises.

(l) **Security Protocols.** You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected. This may include establishing firewalls, access code protection, anti-virus systems, and use of backup systems.

SECTION 4.5 HIRING, TRAINING AND APPEARANCE OF EMPLOYEES

(a) **Your Independence**. You have independence in all employment matters. You have sole authority and control over the day-to-day operations of the Franchise Business, your employees and/or independent contractors. You agree that you are solely responsible for all employment decisions. We recommend but we do not require that you obtain background checks on your prospective employees. You must comply with all federal laws regulating the hiring of employees including the Fair Labor Standards Act, the Immigration and Nationality Act, and the Occupational and Safety Health Act. You must also comply with the employment laws of the state in which the Franchise Business is located.

(b) **Staffing; CPR.** You will maintain a competent, conscientious staff and employ the minimum number of employees necessary to meet the anticipated volume of business. You, your Designated Representative and each of your employees must be trained and certified in providing CPR and first aid to dogs. You will pay the cost for such CPR and first aid training certification for you and your employees, which is provided by PetTech, our Designated Supplier.

(c) **Dress Code.** The Operation & Policies Manual includes our specifications for uniforms for your employees that you purchase directly from our Designated Supplier. You will take all steps necessary to ensure that your employees and independent contractors meet the employment or retention criteria, keep a neat appearance, and comply with any dress code that we require.

(d) **Employment Decisions.** You are solely responsible for all decisions relating to hiring, firing, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, supervision, discipline and working conditions. We do not have access to your employees' employment records.

(e) **Not Our Employees.** At no time will you or your employees be deemed to be our employees. You will include an express, conspicuous notation and acknowledgment on your employment applications and employment agreements stating that the prospective employee (in the case of an application) and the employee (in case of any employment agreement) acknowledge and understand that you, an independently owned and operated Franchise Business, is the employer, and that we are not the employer. Neither this Agreement nor our course of conduct is intended to be construed to state or imply that we are the employer of your employees and/or independent contractor.

(f) **Confidentiality and Non-Competition Agreement**. Employees having access to our Operation & Policies Manual or other confidential information must sign the Confidentiality and Non-Competition Agreement included in the Operation & Policies Manual or otherwise provided in writing.

SECTION 4.6 MANAGEMENT OF YOUR FRANCHISE BUSINESS

(a) **Your Management Responsibility**. You have the sole authority and control over the day-to-day operations of the Franchise Business. You are solely liable and responsible for the operation of the Franchise Business in accordance with the terms of this Agreement and the Operation & Policies Manual, regardless of whether you choose to operate the Franchise Business as a full-time owner/operator or hire a General Manager. You acknowledge that, if you choose to operate the Franchise Business using a General Manager, you may experience lower sales and/or higher costs than other Franchise Businesses managed by owner/operators.

(b) **Designated Representative**. If this Agreement is signed by 2 or more individuals or by a Business Entity, you designate in Section 18.1 an individual or a Franchise Owner as the Designated Representative. We have the right to rely solely on instructions of the Designated Representative concerning the operation of the Franchise Business until we receive a duly signed written notice changing the Designated Representative. Upon the death or disability of the Designated Representative, the remaining individuals or Franchise Owners must appoint a new Designated Representative with 10 days of the disability or death of the Designated Representative.

(c) **General Manager**. The General Manager must devote his or her best reasonable full-time efforts to the management and operation of your Franchise Business. You agree that your Franchise Business requires the day-to-day supervision of the General Manager. The General Manager must complete our Initial Training program before managing your Franchise Business, unless we otherwise agree in writing.

(d) **Change in General Manager**. If the General Manager fails to satisfy his or her obligations provided in Subsection 4.6(c) due to death, disability, termination of employment or for any other reason, you must employ a replacement General Manager that we approve within 30 days. The replacement General Manager must complete our Initial Training program to our satisfaction within 3 weeks of hire. In the interim, an assistant manager may manage the Franchise Business. You are solely responsible for the expenses associated with Initial Training of the replacement General Manager including the then-prevailing standard training fee we charge (currently $5,000).

SECTION 4.7 APPROVED SPECIFICATIONS AND SOURCES OF SUPPLY

(a) **No Purchases from Us or Our Affiliates**. There are no products or services that you must purchase from us or our Affiliates.

(b) **Purchases from Designated Suppliers**. You must purchase certain products or services solely from third party suppliers that we designate and from no other suppliers. ITEM 8 of the FDD discloses the current types of products and/or services and the names of our current Designated Suppliers.

(c) **Approved Suppliers and Specifications**. You must purchase or lease equipment, supplies, inventory, advertising materials, construction services and other products and services used for the development and operation of your Franchise Business only from Authorized Suppliers and/or in accordance with our specifications. These Authorized Suppliers have demonstrated: (i) the ability to meet our standards and specifications for the specified items; and (ii) possess adequate quality controls and the capacity to supply your needs promptly and reliably. We will use our best reasonable efforts to negotiate agreements with Approved Suppliers that are in the best interest of all Franchise Businesses. We retain the right to receive compensation from these Approved Suppliers for our negotiation. In approving suppliers for the Business System, we may take into consideration factors like the price and quality of the products or services and the supplier's reliability. We may concentrate purchases with 1 or more suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of Franchise Businesses or Company-Owned Units. Approval of a supplier may be conditioned on requirements on the frequency of delivery, standards of service, warranty policies including prompt attention to complaints, and concentration of purchases, as stated above, and may be temporary, pending our additional evaluation of the supplier. **ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM DOES NOT CREATE ANY LIABILITY TO US.**

(d) **Approval of New Suppliers**. If you propose to purchase or lease any equipment, supplies, inventory, advertising materials, construction services, or other products or services that are not proprietary to us or an Affiliate from an unapproved supplier, you must submit to us a written request for approval, or request that the supplier do so itself. We have the right to require, as a condition of our approval, that the supplier permit our representatives to inspect its facilities. If we request, the supplier will deliver samples to us or to our designated independent, certified laboratory for testing. We are not liable for damage to any sample that may result from the testing process. You will pay a charge not to exceed the reasonable cost of the inspection and the actual cost of the testing (not to exceed $1,000). We may also require as a condition to our approval, that the supplier present satisfactory evidence of insurance, for example, product liability insurance, protecting our Franchisees and us from all claims from the use of the item within the Business System. We will give you written notice of our approval or disapproval within 10 days after all testing and completion of the above conditions. We reserve the right to reinspect the facilities and products of any approved supplier and continue to sample the products at the supplier's expense. We reserve the right to revoke approval upon the supplier's failure to continue to meet our standards and specifications.

(e) **Revenues from Suppliers**. We reserve the right to receive payments from Designated Suppliers and Approved Suppliers based on your purchases or leases and the purchases or leases of other Franchisees.

SECTION 4.8 CREDIT CARDS AND OTHER METHODS OF PAYMENT

You will establish and maintain merchant account services in order to accept VISA, MasterCard, American Express and all other credit and debit card issuers or sponsors, check verification services, financial center services, and electronic fund transfer systems as we designate in order that you may accept customers' credit and debit cards, checks, and other methods of payment. We reserve the right to require the addition or deletion of credit card relationships and other methods of payment if implemented on a Franchise Network-wide basis. You will comply with all our credit card policies for a customer's use of a credit card as stated in the Operation & Policies Manual or otherwise provided in writing.

SECTION 4.9 TELEPHONES, FAX AND ANSWERING SERVICE

(a) **Smartphone**. You must purchase a smartphone and have it in your possession at all times for communications with us and your customers.

(b) **Telephone System**. You must obtain a sufficient number of operating telephone lines and telephone numbers to be used exclusively for the operation of your Franchise Business that we reasonably require, with sufficient staff to handle telephone calls in an efficient and courteous manner at all times during normal business hours. The phone system must play music when a person is on hold.

(c) **Voice Mail System**. You must maintain a voice mail system.

(d) **Operating Internet Data Line**. You must also maintain an operating Internet data line at your Franchise Business that permits us to monitor accounting and operational information and the iDogCam video surveillance system electronically.

SECTION 4.10 OPENING OF THE FRANCHISE BUSINESS

(a) **No Opening Without Our Consent.** You agree not to open The Village Pup Franchise for business before we have given you our written consent. At least 15 days before your proposed opening of the Business Premises, you will send us written notice of your contemplated opening date. Within 5 days after receipt of such notice, we will send you notice of our election either to consent to your proposed opening or to disapprove such opening (in which event our notice will specify the reasons for disapproval). If we fail to respond to your notice within the 5-day period, then we will be deemed to have consented to your proposed opening and opening date for all purposes under this Agreement. Subject to the foregoing, if you open your The Village Pup Franchise before we have given our written consent (or are deemed to have given our consent), you must cease operating immediately after receipt of written notice from us to cease operating. If you fail to cease operating you must pay us liquidated damages of $500 per day for each day you were open.

(b) **Conditions to Opening**. We will give our written consent when: (a) all your obligations under Sections 4.1 through 4.11 have been fulfilled; (b) we determine that your Franchise Business has been constructed, furnished, equipped, and decorated in accordance with approved plans and specifications; (c) the training of the Trainees has been completed to our reasonable satisfaction; (d) the Initial Franchise Fee and all amounts due to us and our Affiliates under this Agreement have been paid in full; (e) we have been furnished with certificates of insurance and copies of all insurance policies or all other evidence of insurance coverage as we reasonably request; (f) you have obtained a certificate of occupancy for your Business Premises; and (g) you have obtained all necessary licenses and permits to operate your Franchise Business. You will comply with these conditions and be prepared to open your Franchise Business for business within 315 days after the Agreement Date. If you fail to open your Franchise Business within 315 days after the Agreement Date, we have the right to terminate this Agreement and retain the Initial Franchise Fee to cover our costs and expenses for the assistance we have provided to you under this Agreement and for our lost opportunities. You must sign the Franchise Termination and Release Agreement included as Exhibit O to the FDD we previously delivered to you.

(c) **Certificate of Performance**. After we have performed all of our pre-opening obligations and you are open for business, we may request you to sign a certification in the form included in the Operation & Policies Manual ("Certificate of Performance") or otherwise provided in writing confirming our performance. If, in good faith, you do not believe that we have not completed certain of our pre-opening obligations, you will note the alleged deficiencies on Schedule

A – List of Deficiencies to Certificate of Performance specifically describing the obligations that you believe we have not performed.

(d) **Statement of Costs to Open**. Within 3 months after you open, you will prepare and provide us with a complete and detailed written statement in the form contained in the Operation & Policies Manual or otherwise in writing containing a breakdown of all costs you incurred in the construction and initial operation of the Franchise Business.

SECTION 4.11 OPERATIONAL REQUIREMENTS

You agree to operate the Franchise Business in conformity with all uniform methods, standards and specifications as we reasonably require in the Operation & Policies Manual to ensure that the highest degree of quality and service is uniformly maintained.

(a) **Use of Business Premises**. You must use your Business Premises only for the operation of your Franchise Business. You must keep your Franchise Business open for business on a 24/7 basis, each day of the year.

(b) **Use of Computer and POS Systems**. You must record all Gross Revenues on the approved Computer and POS Systems and in your accounting software.

(c) **Inventory Control**. You will maintain in sufficient supply (as we may reasonably require in the Operations and Policies Manual or otherwise in writing) and use at all times, only inventory, equipment, materials, advertising methods and formats, and supplies that conform with our standards and specifications, if any, at all times sufficient to meet the anticipated volume of business, and to refrain from deviating from these requirements without our written consent.

(d) **Standards of Conduct**. You will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, employees, independent contractors, the public and us.

(e) **Payment of Debts**. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to our Affiliates and us, your suppliers, lessors, federal, state or local governments, or creditors in connection with your Franchise Business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Franchise Business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchise Business. If you default in making any payment when due, we are authorized, but not required, to pay them on your behalf. You agree promptly to reimburse us on demand for any such payment.

(f) **Customer Complaints**. You must respond to all customer complaints within 24 hours of receipt. You must send to us a copy of all written complaints you receive and your written response. We may, but without having any responsibility to do so, direct you in resolving the complaint and you agree to work diligently with us in resolving the matter.

(g) **Customer Referral Program & Discounts**. You must participate in and honor our customer referral program offering a 1-day free of daycare for referral of new customer by an existing customer. For grooming-only customers who refer a new customer, the existing customer must receive $25 off the next groom. You must also participate in and honor the customer discount programs we specify in the Operation & Policies Manual or otherwise in writing.

(h) **Hours of Operation**. Subject to any contrary requirements of local law or unless the closure was due to Force Majeure as provided in Section 19.13, your Franchise Business must be staffed and operated 24 hours each day of the year. You are open to the public at least 7:00 a.m. to 6:00 p.m. Monday through Saturday and 8:00 a.m. to 6:00 p.m. on Sunday. We must authorize any variance from this provision in writing. You acknowledge and agree that if your Franchise Business is closed without our prior written consent, the closure constitutes your voluntary abandonment of the Franchise and the Franchise Business.

(i) **Suggested Pricing Policies**. We may make suggestions to you with regard to your pricing policies. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the services rendered and products offered at the Franchise Business. We retain the right to establish maximum prices you charge for sales promotions. Any price list we furnish to you are recommendations only. Your failure to accept or implement any suggestion does not affect the relationship between you and us, unless otherwise specifically stated as a maximum price for sale promotions.

(j) **Vending Machines**. You are permitted to have vending machines in the employee break room. Vending machines for customers are not permitted.

(k) **Music System**. You must legally subscribe to Sirius XM or another broadcast programming service we may specify. You may only play the radio stations at the Franchise Business that we have approved as outlined in the Operation & Policies Manual or otherwise in writing.

(l) **Video Monitoring System**. You must purchase/lease and install the iDogCam video monitoring system at the Franchise Business and pay monthly service fees. Your state's laws may require you to notify your employees about the video monitoring system

(m) **Wireless Internet Access.** You must install a wireless Internet system for business purposes in your Franchise Business.

(n) **Data Privacy**. You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of Franchise Business operating under the Marks and System. Accordingly, you agree that you will meet or exceed, at all times all applicable security standards developed by the Payment Card Industry Data Security Standards ("PCIDSS") council or its successor and other regulation and industry standards applicable to the protection of customer privacy and credit card information including the Fair and Accurate Credit Transaction Act ("FACTA") and all other successor or additional law and all other data security requirements we prescribe. You are solely responsible for educating yourself as to the regulations and standards and for achieving and maintaining applicable compliance certification. You will defend indemnify and hold us harmless from and against all claims arising out of or relating to your violation of this Subsection.

(o) **Hazardous Substances**. You will not use the Business Premises for the handling, storage, transportation or disposal of hazardous or toxic materials contrary to any federal, state or local laws, rules and regulations. You agree to contract with a licensed waste hauler for the removal and disposal of all hazardous or toxic material utilized in the operation of the Franchise Business. You will provide to us a copy of all waste hauler agreements and EPA monitoring records within 5 days of our request. You indemnify, defend and hold us harmless from any loss, costs, damages or payments (including attorneys' fees and court costs) we incur as a result of past, present or future use, handling, storage, transportation or disposal of hazardous or toxic materials. The indemnity in this Subsection survives the termination, expiration or transfer of this Agreement.

SECTION 4.12 COMPLIANCE WITH LAWS, RULES AND REGULATIONS

(a) **Federal, State and Local Laws, Rules and Regulations**. You will comply with all federal, state, and local laws, rules and regulations. You will timely obtain, maintain and renew when required all permits, certificates and licenses necessary for the proper conduct of your Franchise Business under this Agreement. These include qualification to do business, fictitious, trade or assumed name registration, building and construction permits, occupational licenses, sales tax permits, health and sanitation permits and ratings, fire clearances, hazardous waste and other environmental permits. You acknowledge that: (i) federal, state and local governments administer and enforce regulations that include standards, specifications and requirements for the construction and maintenance of your Business Premises; fire safety, general emergency procedures, and customer/employee safety regulations; and, specifications and requirements that govern food preparation and health and Franchise Business sanitary conditions; (ii) OSHA and health regulations as well as state and local safety and workplace regulations may impact the types of safety training, safety devices, and safety equipment you must make available to or must offer your employees; (iii) the U.S. Food & Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce regulations related to the storage and disposal of waste, cleaning supplies, and other hazardous materials; (iv) the Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles; and (v) certain state and local governments have also adopted proposals that regulate indoor air quality, including no smoking policies. You will comply with all of these laws and regulations and all other applicable laws and regulations relating to the operation of the Franchise Business.

(b) **Anti-Terrorism Laws**. You and your Franchise Owners agree to comply, and to assist us, to the fullest extent possible, in our efforts to comply with Anti-Terrorism Laws. In this regard, you and your Franchise Owners certify, represent and warrant that none of their property or interests is subject to being blocked under any Anti-Terrorism Law. You further represent and warrant that you and your Franchise Owners are not in violation of any Anti-Terrorism Law. Any violation of the Anti-Terrorism Laws by you or your Franchise Owners, or any blocking of your or your Franchise Owners' assets under the Anti-Terrorism Laws constitute good cause for immediate termination of this Agreement. Upon termination, you will sign the Franchise Termination and Release Agreement included in Exhibit O of the FDD.

SECTION 4.13 MAINTENANCE AND REPAIRS

(a) **Ongoing Maintenance**. You must maintain and repair the building, equipment, fixtures, furnishings, signage and Trade Dress (including the interior and exterior appearance) employed in the operation of your Franchise Business in the highest degree of sanitation, appearance, condition and security as stated in the Operation & Policies Manual. Within 30 days after the receipt of any particular report prepared following an evaluation by our field representative, you must perform the items of maintenance and repair that we designate, subject to the Capital Expenditure Limitation. If, however, any condition presents a threat to customers or public health or safety, you must immediately cure the condition regardless of cost, as further described in this Agreement. The items of maintenance generally result from common wear and tear over a period of time, accidents or lack of care. Examples include: (i) repairing or replacing

HVAC equipment, plumbing and electrical systems that are not functioning properly; (ii) repairing a leaking roof; (iii) repairing or replacing broken equipment; (iv) refreshing general appearance items such as paint (interior and exterior) and landscaping; (v) replacing worn flooring, furniture and other furnishings; and (vi) conducting routine maintenance of areas that affect the appearance of the Franchise Business and goodwill of the Trademarks such as the appearance of the outdoor signage, the parking lot and dumpster area.

(b) **Additional or Replacement Equipment or Products**. If we determine additional or replacement equipment is required on a Franchise Network-wide basis because of a change in the Products and Services, a change in technology, customer concerns, regulations or, health or safety considerations, you will install the additional equipment or replacement equipment and/or purchase other Products within the time we specify.

(c) **Maintenance Contracts**. You must maintain contracts with third parties for the maintenance of the Business Premises, the equipment and the landscaped areas, unless such maintenance is the responsibility of your landlord. These contracts must provide for the performance of services, including preventative maintenance services, and be with financially responsible firms that: (i) maintain adequate insurance and bonding; (ii) have personnel who are factory trained to service equipment of the type in the Business Premises; and (iii) maintain an adequate supply of parts for the equipment. You will provide us with a copy of any contract for maintenance that you enter into with any outside maintenance firm if we request.

(d) **Signage**. The outdoor signage at your Franchise Business must comply with our then-current specifications, which we may modify and change from time to time due to modifications to the Business System, including changes to the Principal Trademark or other trademark. You must make such changes to the outdoor signage that we require. In any case, your failure to replace the signage within 3 months from the date of notification constitutes a default of this Agreement. Any upgrades to the type or size of your outdoor signage will be at your expense.

SECTION 4.14 TAX PAYMENTS; CONTESTED ASSESSMENTS

You will obtain a sales tax dealer certificate and a tax resale certificate for inventory resold to customers, if required by state or local law. You will promptly pay when due all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness you incur in the conduct of your Franchise Business. You will pay to us an amount equal to any sales tax, goods and services tax, gross receipts tax, or similar tax imposed on us for any payments you make to us, unless the tax is based on our net income or our corporate status in a state. If we pay any tax on your behalf, you will promptly reimburse us the amount paid. If there is any *bona fide* dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, you will not permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Business Premises or any assets used in your Franchise Business.

SECTION 4.15 CUSTOMER SURVEYS; CUSTOMER LIST

You will present to customers any evaluation forms we require and will participate and/or request your customers to participate in any marketing surveys performed by or for us. You will maintain a current list of customers who each consented in writing to giving you his or her name, address, telephone number and e-mail address. You will update the list of customers on a quarterly basis and send an e-mail to us with a PDF copy as an attachment. You must participate in any process we develop to record all customer information. We retain ownership of your list of customers. We will not use your list of customers in any activity adverse to, or in competition with, you. The parties will each comply with all Federal and state privacy laws.

SECTION 4.16 INSPECTIONS AND EVALUATIONS

(a) **Periodic Inspections**. You will permit our field representatives to enter your Franchise Business at all reasonable times during the business day to assist you, to evaluate your business operations and to ascertain that you are complying with the provisions of this Agreement. We have the right to inspect and evaluate your building, land and equipment, and inspect and evaluate your operations. We will perform an inspection in a manner that minimizes interference with the operation of your Franchise Business. You will cooperate fully with our field representatives in the inspection. You will render assistance as they may reasonably request. You will permit our field representatives to observe how you are operating the business and confer with your employees and customers. We may electronically record the inspection.

(b) **Mystery Shoppers**. We may conduct up to 2 mystery shops per year of your Franchise Business at our expense. If additional mystery shops are determined to be necessary due to our discovery of deficiencies in your operation, you will be responsible for paying the cost.

(c) **Evaluation Report**. Following our inspection of your Franchise Business or a mystery shop, we will provide you an evaluation report listing the deficiencies and the corrective action you must take. Without limiting our other rights under this Agreement, you will take all steps necessary to immediately correct any deficiencies detected during inspections, including immediately stopping use of any equipment, advertising, materials, products, supplies or other items that do not conform to our then-current requirements. If you fail or refuse to correct any deficiency, this is an Event of Default on your part.

SECTION 4.17 NOTICES TO US

(a) **Lawsuits and Warning Letters**. You must notify us in writing and supply us copies of all relevant documents within 5 days of any of the following events:

(i) The commencement of any action, suit or other proceeding against you or any of your employees that may have a material adverse effect on the Franchise Business or the Business System;

(ii) Any communication by any governmental entity involving the conduct of your Franchise Business that indicates your material non-compliance with any applicable law, rule or regulation; or

(iii) The issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against you or any of your employees that may have a material adverse effect on the Franchise Business or the Business System.

(b) **Progress Reports**. You will provide us with any information we request about the progress and outcome of these events within 3 days of our request.

SECTION 4.18 FRANCHISE OWNERS' MEETINGS OR CONVENTION

You must attend a minimum of 75% of Franchise Owners' meetings that we conduct, which may include remote meetings conducted via the Internet or by another electronic method. After we have at least 25 Franchisees and we elect to conduct an annual convention, you, a Franchise Owner or a Designated Representative is obligated to attend the convention in person. We do not charge a fee for Franchise Owners' meetings or an annual convention. However, you are responsible for meals, travel, lodging or other expenses you incur to attend these meetings or convention.

SECTION 4.19 OPERATIONAL SUGGESTIONS

You are encouraged to submit to us written suggestions for improving elements of the Business System, including products, services, equipment, service format, advertising and any other relevant matters for our consideration. You agree that any suggestions you make are our exclusive property. We have no obligation to use any suggestions. You may not use any suggestion inconsistent with your obligations under this Agreement without our written consent.

SECTION 4.20 RENOVATION AND UPGRADING

You agree that you will make capital improvements or modifications necessary to modernize, redecorate and upgrade your Franchise Business. This may include an upgrade of your equipment, fixtures and furnishings to reflect the current image and Trade Dress of new The Village Pup Franchises we reasonably request, taking into consideration the cost of the modernization, the life expectancy of the equipment, fixture and furnishing and the then-remaining term of this Agreement, all subject to the Capital Expenditure Limitation. Generally, these requirements will not exceed those applicable to new Franchise Businesses and new Company-Owned Units. You must complete to our satisfaction any changes we require within a reasonable time, not to exceed 12 months from the date we notify you of any required changes (other than signage). You acknowledge and agree that the requirements of this Section are both reasonable and necessary to ensure continued public acceptance and patronage of the Franchise Business and to avoid deterioration or obsolescence in connection with the operation of the Franchise Business. If you fail to make any improvement as required by this Section, this is an Event of Default on your part.

SECTION 4.21 LIQUIDATED DAMAGES FOR SALE OF PROHIBITED PRODUCTS OR SERVICES

You agree that the offer to sell or the sale of unauthorized or prohibited products and services will result in damages to us. If you offer to sell or sell any unauthorized or prohibited products or services and the offer to sell or sale continues after you receive written notice from us, then you agree to pay us liquidated damages equal to $1,000 for each day of the prohibited offer or sale, payable to us upon demand. These damages are in addition to our other rights or remedies, including our right strictly to enforce or terminate this Agreement as provided in this Agreement and obtain injunctive relief, except to the extent any other rights are excluded by law in light of this Section. The parties agree that a precise calculation of the full extent of the damages that we will incur from the offer or sale of unauthorized products and services is difficult to determine. Since the parties' desire certainty in this matter, the parties agree that the amount of liquidated damages is reasonable and is not a penalty.

SECTION 4.22 FINANCIAL COVENANTS

During the Initial Term, you must always maintain a net worth of at least $250,000 including the remaining balance of any line of credit.

SECTION 4.24 PUBLICITY

We have the right to take and use photographs, audio and/or video of the Franchise Business or testimonials from customers and "pupmonials" of the Franchise Business for publicity, marketing, social media or for other purposes, without charge or compensation to you. The photographs, videos, and/or testimonials are our sole property. You acknowledge that we own all right, title and interest and any other rights, as permitted under applicable law, to these photos, audio and video recordings. You agree that we may use your and your Franchise Owners' names, likeness and voices in promoting the Franchise Businesses and the Business System. You consent and assign to us all right, title and interest to our use of these names, likenesses and voices. You will cooperate with us in obtaining the audio, video, photographs, testimonials, and the consent of any persons included in these materials.

ARTICLE 5 - INTELLECTUAL PROPERTY

SECTION 5.1 OUR REPRESENTATIONS AS TO THE INTELLECTUAL PROPERTY

We represent to you that:

(a) **Ownership**. Live by Faith is the sole owner of the Intellectual Property;

(b) **Our License**. We have a license from Live by Faith granting us the right to sublicense to our Franchisees the right to use the Intellectual Property and the right to use the Business System in connection with the operation of the Franchise Businesses.

(c) **Sublicenses**. We have not sublicensed the Intellectual Property to any others except other Franchisees and our affiliated locations; and

(d) **Protection**. We will take all steps necessary to preserve and protect the ownership and validity of the Intellectual Property.

SECTION 5.2 YOUR USE OF THE INTELLECTUAL PROPERTY

You may use the Intellectual Property only in accordance with standards and specifications we reasonably determine and implement on a Network-wide basis. You agree that:

(a) **Limitation on Use**. You will use the Intellectual Property only for the operation of your Franchise Business at the Business Premises.

(b) **Prohibitions**. You will not employ any of the Intellectual Property in signing any contract, check, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours.

(c) **Sole Business Name**. You will use our Principal Trademark as the sole service mark identification for your Franchise Business and will display prominently our Principal

Trademark on and/or with all materials that we designate and authorize and in a manner that we specify.

(d) **No Encumbrance**. You will not use any of the Intellectual Property as security for any obligation or indebtedness.

(e) **Fictitious Name**. You cannot use The Village Pup trade name as part of your legal business name. You must comply in filing and maintaining any required fictitious, trade or assumed name registrations for the "The Village Pup" trade name for example, ABC, Inc. d/b/a "The Village Pup," and will sign all documents that we or our counsel deem reasonably necessary to obtain protection for the trademarks and our interest in the trademarks.

(f) **Signage**. You will maintain a suitable sign or graphics package at, or near the front of the Business Premises, on any pylon sign, building directory or other area identifying the Business Premises only as "The Village Pup." The signage must conform in all respects to our requirements except to the extent prohibited by local governmental restrictions or by landlord regulations.

(g) **Your Home Page**. Except for Your Home Page we provide to you, you will not use any of our trademarks as part of any e-mail address, Website, domain name or any other electronic media (including use with any prefix, suffix or other modifying words, term designs, or symbols), or in any other manner connected with a website, advertisements on a website, or other similar electronic media, now known or to be known, without our prior written approval.

(h) **Impairment**. You will exercise caution when using the Intellectual Property to ensure that the Intellectual Property is not in any manner jeopardized.

SECTION 5.3 INFRINGEMENT BY YOU

You acknowledge that the use of the Intellectual Property outside the scope of this Agreement, without our written consent, is an infringement of our rights in the Intellectual Property. You agree that during the Initial Term, and after the expiration or termination of this Agreement, you will not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of, or our right to, the Intellectual Property, or take any other action in derogation of our rights.

SECTION 5.4 CLAIMS AGAINST THE INTELLECTUAL PROPERTY

If there is any claim of infringement, unfair competition or other challenge to your right to use the Principal Trademark or the other Intellectual Property you will promptly (within 7 days) notify us in writing. If you become aware of any use of, or claim to, the Principal Trademark or the other Intellectual Property by persons other than us or our Franchisees, you will promptly (within 7 days) notify us in writing. You will not communicate with anyone except our counsel and us on any infringement, challenge or claim except under judicial process. We have sole discretion as to whether we take any action on any infringement, challenge or claim. We have the sole right to control any litigation or other proceeding arising out of any infringement of, challenge to, or claim to any Intellectual Property. You must sign all documents, render all assistance, and do all acts that our attorneys deem necessary or advisable in order to protect and maintain our interest in any litigation or proceeding involving the Intellectual Property or otherwise to protect and maintain our interests in the Intellectual Property.

SECTION 5.5 YOUR INDEMNIFICATION.

We indemnify you against and will reimburse you for all damages and costs (including reasonable attorneys' fees and costs) for which you are held liable in any proceeding based on your use of any of the Intellectual Property in accordance with this Agreement, provided you: (a) have timely notified us of the claim or proceeding; (b) have otherwise complied with this Agreement; (c) allow us sole control of the defense and settlement of the action; and (d) cooperate fully with our counsel in the defense of the action.

SECTION 5.6 OUR RIGHT TO MODIFY THE INTELLECTUAL PROPERTY

If we deem it advisable to modify or discontinue the use the Principal Trademark or any of the other Intellectual Property and/or use an additional or substitute Principal Trademark including: (i) due to the rejection of any pending application for registration: (ii) revocation of any existing registration of any of the Intellectual Property (iii) the rights of senior users; (iv) our negligence; (v) a radical change in direction of the Business System we unilaterally cause or mandate; or (vi) the modification or discontinuation of the use of any of the Intellectual Property is due to a continuing need to modernize the Business System, you are liable for all expenses in substituting the modified or new Intellectual Property in your Franchise Business, subject to the Capital Expenditure Limitation. You are obligated to do so within 30 days of our request. We will only be liable to reimburse you for your reasonable direct printing and signage expenses in modifying or discontinuing the use of our Principal Trademark and substituting a different principal trademark. These expenses do not include expenditures you make to promote the modified or substituted principal trademark.

SECTION 5.7 OUR RESERVATION OF RIGHTS

You agree that the sublicense of the Intellectual Property we grant to you has limited exclusivity. In addition to our right to use and grant others the right to use the Intellectual Property outside the Limited Protected Territory, we expressly reserve all rights that we do not expressly grant to you in this Agreement concerning the Intellectual Property or other matters. You will not receive any compensation if we exercise these reserved rights. These reserved rights include:

(a) **Non-Traditional Locations**. We have the right to establish, develop, license or franchise a Unit within your Limited Protected Territory if the Unit is to be located at a Non-Traditional Location.

(b) **Different Business Models**. We have the right to establish, develop, license or franchise other business models, different from the Business System licensed by this Agreement within or outside the Limited Protected Territory, regardless of its proximity to, or potential impact on, the Franchise Business, without offering or providing you any rights in, to, or under the other systems.

(c) **Dissimilar Channels of Distribution**. We have the right to sell or offer to sell similar products and services authorized for the Franchise Business using our trademarks or copyrights through dissimilar channels of distribution including the Internet within or outside the Limited Protected Territory and under any terms that we deem appropriate, regardless of their potential impact on your Franchise Business, without offering or providing you the right to participate or receive any compensation.

(d) **Acquisition of Competitive Business**. If we acquire a Competitive Business and Units of the Competitive Business encroach upon your Limited Protected Territory, we will have 1 year from the date of acquisition of the Competitive Business to sell the encroaching Units without being in default under this Agreement.

SECTION 5.8 OWNERSHIP; INUREMENT SOLELY TO US

You agree that: (a) you have no ownership or other rights in the Intellectual Property, except as expressly granted in this Agreement; and (b) we are the owner or authorized licensor of the Intellectual Property. You agree that all goodwill associated with the Franchise Business inures directly and exclusively to our benefit and is our sole and exclusive property except through any profit you receive from the permitted sale of your Franchise Business during the Initial Term or any Renewal Term. You will not in any manner prohibit, or do anything that would restrict, us or any Franchisee from using the Intellectual Property or filing any trade name, assumed name or fictitious name registration of the Principal Trademark with respect to any Franchise Business to be conducted outside the Limited Protected Territory or any business within the Limited Protected Territory that is permitted by this Agreement. If you secure in any jurisdiction any rights to any of the Intellectual Property (or any other Intellectual Property) not expressly granted under this Agreement, you will immediately notify us and immediately assign to us all of your right, title and interest to the Intellectual Property (or any other Intellectual Property).

ARTICLE 6 - THE OPERATION & POLICIES MANUAL

SECTION 6.1 IN GENERAL

(a) **Operating Standards**. Live by Faith has developed standards to protect its and our reputation and goodwill and to maintain uniformity of operation of each Franchise Business that are contained in the Operation & Policies Manual. Live by Faith has authorized us to loan to you a hard copy of the Operation & Policies Manual or, at our discretion, to provide it to you electronically or through the intranet. The Operation & Policies Manual is an integral part of this Agreement with the same effect as if fully stated in this Agreement. Live by Faith has not developed these standards for the purpose of Live by Faith or us establishing any control or duty to take control over those matters that are reserved to you.

(b) **Operating Routine**. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in the Operation & Policies Manual, as amended, or other written materials.

(c) **Ownership**. You acknowledge that Live by Faith has developed and owns the information contained in the Operation & Policies Manual.

SECTION 6.2 CONFIDENTIAL USE

(a) **Trade Secret**. You will treat and maintain the Confidential Information as our confidential trade secrets except for information previously known or obtained through independent sources and found within the public domain. You must keep the Operation & Policies Manual in a secure area within the Business Premises. You will strictly limit access to the Confidential Information to your employees that have signed a Confidentiality and Non-Competition Agreement in the form included in the Operation & Policies Manual and to the extent they have a "need to know" in order to perform their duties. You will report the theft, loss or destruction of the Operation & Policies Manual immediately to us. Upon the theft, loss or destruction of the Operation & Policies Manual, we will loan to you a replacement copy at a fee of $200 for a new copy of the Operation & Policies Manual if we originally provided you a hard copy. We consider a partial loss or failure to update the Operation & Policies Manual a complete loss.

(b) **Unauthorized Use**. You agree that, during and after the Initial Term, you, your Franchise Owners, Designated Representative, General Managers and employees will:

(i) Not use the Confidential Information in any other business or capacity, including any derivative or spin-off of The Village Pup concept;

(ii) Maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Initial Term;

(iii) Not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form;

(iv) Adopt and implement all procedures that we require to prevent unauthorized use or disclosure of, or access to, the Confidential Information; and.

(v) Not modify, reverse engineer, decompile, create other works from or disassemble any of our or any of our Affiliates' Confidential Information, except as we permit in writing.

(c) **Unauthorized Access**. You agree that, during and after the Initial Term, you, your Franchise Owners and Designated Representative will not allow any unauthorized person to access to our Intranet and the Confidential Information it contains. If you fail to do so, you will pay us liquidated damages of $5,000.

(d) **Loss or Theft of Manual**. If the Operation & Policies Manual is lost or stolen, you will pay us $500 for a replacement copy. If the Operation & Policies Manual is stolen, you must report the theft to your local police department.

SECTION 6.3 PERIODIC REVISIONS

(a) **Changes to Manual**. We will revise the Operation & Policies Manuals and these standards, procedures, techniques and management systems periodically to meet changing conditions. You will comply with each new or changed provision within the time period we specify in our written notice. We will base revisions to the Operation & Policies Manual on what we determine to be in the best interests of the Business System, our interest and the interest of our Franchisees, including promoting quality, enhancing goodwill, increasing efficiency, decreasing administrative burdens, or improving profitability, subject to the Capital Expenditure Limitation.

(b) **Variances**. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based on the circumstances then existing. You are not entitled to require us to grant to you a similar variation under this Agreement.

(c) **Updates**. You will ensure that your copy of the Operation & Policies Manual contains all updates you receive from us. In any dispute as to the contents of the Operation & Policies Manual, the terms contained in our master copy of each of the Operation & Policies Manual we maintain at our corporate headquarters is controlling.

SECTION 6.4 PRIOR INFORMATION

You agree that all Confidential Information received before the Agreement Date was unknown to you except through our disclosure and that the marketing practices and operating procedures we develop and franchise to you for the operation of the Franchise Business are important for the success of the Business System. If you receive any Confidential Information after signing this Agreement, and you do not object in writing to us within 30 days after signing this Agreement that any of the information comprising the Confidential Information not be considered Confidential Information, then you have irrevocably waived your right to make any objection. You agree that this representation and warranty is a material inducement for us to enter into this Agreement, and any breach is an Event of Default on your part.

ARTICLE 7 - ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the goodwill and public image of the Business System, the parties agree to the following provisions.

SECTION 7.1 GRAND OPENING ADVERTISING PROGRAM

You will implement a grand opening advertising and promotional program for your Franchise Business using our Designated Supplier budgeting at least $10,000 during the period beginning 4 weeks before opening and the first 90 days after opening.

SECTION 7.2 LOCAL ADVERTISING AND MARKETING

(a) **Your Expenditures**. You must spend at least 2% of Gross Revenues for Local Advertising and Marketing during each month of operation. This is in addition to the Grand Opening Advertising Program.

(b) **Visits to Referral Sources**. You must also make contact on or before you open and thereafter once a month to local veterinarian offices, pet supply stores, doggie washes, etc. to introduce The Village Pup to the community.

(c) **Our Approval**. You must submit to us for our approval all materials used for Local Advertising and Marketing, unless we have previously approved the materials or the materials consist of materials we have provided. All materials containing the Intellectual Property must include the applicable designation - service mark℠, trademark™, registered® or copyright©, or any other designation we specify. If you have not received our written disapproval of materials you submitted within 10 days from the date we received the materials, then we are deemed to have approved the materials. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in our judgment, the materials or advertising may injure or be harmful to the Business System. You will have 5 days after you receive of our written notice to discontinue using the materials or advertising, unless otherwise agreed in writing. Your submission of advertising to us for our approval does not affect your right to determine the prices that you sell your products or services.

(d) **Franchise Opportunities Available**. Subject to any legal restrictions, you must place a sign we supply to you in a conspicuous place within the Business Premises as well as on all menus, containing substantially the following statement: "The Village Pup Franchise Opportunities Available." You must immediately refer all responses to us at TVPFranchiseinfo@pupemail.com or any other email we designate and include our corporate phone number. You have no authority to act for us in franchise sales.

(e) **Social Media**. You cannot engage in social media concerning the Franchise Business without our prior written consent. We may require that you purchase social media management services from our Designated Supplier. All content on your Facebook, Twitter, Instagram, etc. representing The Village Pup cannot be posted without our prior written consent. All such content remains our exclusive property.

(f) **Participation in Certain Promotions**. You must participate in all required advertising and promotional programs we establish.

(g) **No Political Advertising**. You will not allow any political advertising at the Franchise Business and not allow the use of our trademarks by your employees, relatives or friends to any political candidates or any other purpose that is unrelated to the Franchise Business.

(h) **Community Donations**. You are required to support local community fund-raising efforts (that are not politically or religiously motivated) once a year per organization not to exceed $500 per contribution up to an annual cap of $2,500. You may contribute above the $500/$2,500 thresholds at your sole discretion.

(i) **Advertising Restrictions**. You will not advertise, market or otherwise solicit business outside your DMA by a toll-free number, catalog, direct mail, Internet, website or other advertising, marketing or solicitation method without our prior written consent.

SECTION 7.3 REGIONAL ADVERTISING COOPERATIVE

You agree that we have the right to establish a Regional Advertising Cooperative in any DMA. Upon our request, you will immediately become a member of the Regional Advertising Cooperative for the DMA that includes your Limited Protected Territory. Your Franchise Business does not have to be a member of more than 1 Regional Advertising Cooperative. All Company-Owned Units within your DMA must also become members of the Regional Advertising Cooperative. There will be governing documents available for your review.

(a) **Purposes of Regional Advertising Cooperative**. We will organize the Regional Advertising Cooperative for the exclusive purposes of administering advertising programs and developing standardized promotional materials for use by its members. The Regional Advertising Cooperative may adopt its own rules and procedures, but we must approve the rules or procedures. The rules and procedures must not restrict or expand your rights or obligations under this Agreement. Except as otherwise contained in the Franchise Agreement, and subject to our approval, any lawful action of the Regional Advertising Cooperative at a meeting attended by 67% of the members, including assessments for Local Advertising and Marketing, binds you if approved by 67% of the members present. Each Franchised Unit and Company-Owned Unit has 1 vote;

however, no Franchisee (or controlled group of Franchisees) has more than 25% of the vote in the Regional Advertising Cooperative regardless of the number of Franchise Businesses owned by any Franchisee.

(b) **Our Approval of Advertising**. We must approve in writing all advertising or promotional plans or materials the Regional Advertising Cooperative proposes to use or furnish to its members. The Cooperative must submit to us all plans and materials in accordance with the procedure stated in Subsection 7.2(c).

(c) **Members' Contributions to Cooperative**. The Regional Advertising Cooperative has the right to require each of its members to contribute to the Regional Advertising Cooperative the same amount not to exceed 2% of that member's monthly Gross Revenues. We credit this amount against your obligation for Local Advertising and Marketing as provided by Subsection 7.2(a). Each member will submit to the Regional Advertising Cooperative, no later than the 10th day of each month for the preceding calendar month, his, her or its contribution together with all other statements or reports the Regional Advertising Cooperative or we require.

(e) **Quarterly Reports**. The Cooperative will prepare quarterly unaudited reports of its advertising and marketing expenditures. The reports will be sent by the Cooperative to its members and to us.

(e) **Impasses**. If an impasse occurs based on its members' inability or failure to resolve within 45 days any issue affecting the establishment or effective functioning of the Regional Advertising Cooperative, the issue, upon request of a member of the Regional Advertising Cooperative, will be submitted to us for consideration. Our resolution of the issue is final and binding on all members of the Regional Advertising Cooperative.

(f) **Changes, Dissolution or Merger of Cooperatives**. We have the right to form, change, dissolve or merge any Cooperative.

SECTION 7.4 INTERNET ADVERTISING AND MARKETING/WEBSITE.

(a) **Website**. We will list your Franchise on our home page of our Website. We maintain sole and exclusive rights to all content and information displayed or collected on our Website. The content and information includes, but is not limited to, company information, user demographics and profiles, pictures and graphics, testimonials, advertisements, franchise information, product and/or service information and all other information that we may designate in writing.

(b) **Your Home Page**. We will provide you with a customizable home page ("Your Home Page") that we must approve. We will place Your Home Page on our Website to promote the Franchise Business. We prohibit you from offering or selling products through the Internet. You must adhere to the methods and procedures we provide for uploading content and managing Your Home Page. You must secure our written permission if you desire to link Your Home Page to other websites on the Internet. We have the sole right to modify, change, add to, or delete our domain, Website and Your Home Page. We maintain all rights of ownership in and to Your Home Page. We may discontinue making Your Home Page accessible to you upon 30 days' written notice, if you are in breach of this Agreement, if we terminate this Agreement or if this Agreement expires and is not renewed.

(c) **Access**. We may permit you access to password protected areas within our Website to assist you in the operation of your Franchise Business. We may rescind these rights if you violate the conditions and terms of use as contained in the Operation & Policies Manual or otherwise in writing. We prohibit you from adding to, deleting, or modifying any of the content of the Website without our written permission. You acknowledge that certain information related to your participation in our Website or future Intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our Website and future Intranet system, or otherwise use the Trademarks or Business System on the Internet or other online communications terminates when this Agreement expires or terminates.

(d) **Domain Name**. We prohibit you from registering any domain name using the Intellectual Property and from hosting a website to promote the Franchise Business or the products or services without our prior written consent. We retain all rights to the trade names and other Intellectual Property, and any associated Internet domains used to identify the Business System.

(e) **Coupons**. We are the sole controlling agent for any social media coupon advertising promotion. Any non-approved discounting on rates or any non-approved promotions without our prior written approval is strictly forbidden.

SECTION 7.5 MEDIA FUND

(a) **Right to Create**. We have the right to create a special fund called the "The Village Pup Media Fund" (the "Media Fund"), into which we will deposit the Advertising and Marketing Contributions described in Subsection 3.1(f) to be used for the creation of branding The Village Pup name for the benefit of all Franchise Units and Company-Owned Units who contribute to the Media Fund. This may also include the creation of advertising, marketing, and promotional materials.

(b) **Administration**. We will administer the Media Fund. We use the funds in the Media Fund to pay for the costs of creating various advertising, marketing, and promotional materials that we deem beneficial to the Business System. We also use the funds in the Media Fund to pay the costs of conducting regional and/or national advertising and promotional activities (including the cost of producing advertising campaigns and marketing materials, conducting test marketing and marketing surveys, and public relations activities) that we deem beneficial to the Business System. We do not have to spend any contributions to the Media Fund in your Limited Protected Territory. We are not obligated to contribute additional funds to the Media Fund other than contributions from Company-Owned Units. We can charge the Media Fund for our costs for services we provide, in lieu of engaging third party agencies to provide these services. We will not use any of the funds to offer or sell The Village Pup Franchises to prospective franchisees.

(c) **Expenditures**. All expenditures are at our sole discretion. We may spend in any calendar year more or less than the total Advertising and Marketing Contributions to the Media Fund in that year. We may loan to the Media Fund or borrow from other lenders for the Media Fund to cover deficits of the Media Fund or cause the Media Fund to invest any surplus for future use by the Media Fund. We will carry any monies not spent by the Media Fund in any particular year to fund Media Fund expenses in the next year.

(d) **Annual Report**. We will prepare an annual report of the receipts and expenditures of the Media Fund and send a copy of the report to you and all other Franchisees within 60 days after the end of each fiscal year. We will not audit this report.

(e) **Content and Concepts.** We retain sole discretion over all advertising, marketing and public relations programs and activities financed by the Media Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. You agree that the Media Fund may be used to pay the costs of preparing and producing associated materials and programs that we determine, including video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, social media programs, and employing advertising agencies to assist with marketing efforts; and supporting public relations, market research and other advertising, promotional and marketing activities.

(f) **Advertising and Marketing Contributions by Us.** Company-Owned Units are required to contribute to the Media Fund and any Cooperative on the same basis that Franchised Units are required to contribute. We do not have to use any of our other funds on the advertising programs for the franchise system.

(g) **Termination of Expenditures.** We maintain the right to terminate the collection and disbursement of the Advertising and Marketing Contributions and the Media Fund. Upon termination, we will disburse the remaining funds to existing Franchised Units and Company-Owned Units on a *pro-rata* basis based on their relative amount of contributions.

ARTICLE 8 - ACCOUNTING AND RECORDS

SECTION 8.1 RECORDS

(a) **Paper and Electronic Records**. You will maintain complete and accurate records for the operation of your Franchise Business. These records may be in paper form but you must maintain in Adobe PDF electronic versions of all paper records along with all e-mail communications and electronically created records. These records include detailed daily sales, cost of sales, all communications and attachments sent by e-mail and other relevant records or information. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You must segregate these records from all other records that do not concern your Franchise Business. You must preserve these records in a cloud-based web storage we designate, accessible to us; for at least 7 years from the dates of their preparation including after the termination, transfer or expiration of this Agreement.

(b) **Customer Information**. All customer lists and files, phone and contact lists; resource files, databases, etc. containing customer, marketing and financial data that you develop or store are and remain our sole property during and after this Agreement terminates or expires.

SECTION 8.2 REPORTS AND STATEMENTS; CONFIDENTIALITY

(a) **Monthly Reports**. You will e-mail to us as an attachment by the 5th day of each month, our Monthly Report form included in the Operation & Policies Manual or otherwise provided in writing, that includes accurate records reflecting all Gross Revenues received during the previous month, the computation of Royalty Fees and Advertising and Marketing Contributions, a list of expenditures for Local Advertising and Marketing, and all other information we require. If you must collect and remit sales taxes, you must also supply to us copies of your sales tax returns within 15 days of its filing.

(b) **Merchant Service Statements**. You must also e-mail us copies of your merchant account services statements when you receive them.

(c) **Annual Financial Statements**. You must also submit to us, an annual balance sheet and income statement within 90 days of the end of your fiscal year reviewed by an independent CPA in accordance with Generally Accepted Accounting Principles. You, your treasurer or your chief financial officer must sign and attest that the financial statements are true and correct and fairly present your financial position at and for the times indicated. You will also supply to us copies of your federal and state income tax returns at the time you file these returns with the appropriate tax authorities. The financial statements and/or other periodic reports described above must limited to the income and related expenses of your Franchise Business.

(d) **Confidentiality**. We agree to maintain the confidentiality of all financial information we obtain about your Franchise Business. We may disclose this financial information to our professional advisors and any third-party that is bound to maintain the confidentiality of the information. We may use the information to prepare a financial performance representation or other information required or permitted by federal or state franchise law. We may prepare a composite list of financial performances by our Franchisees for dissemination among the Franchisees that identifies your Gross Revenues and advertising expenditures. This composite list will not present the information in a manner where your identity can be easily determined.

SECTION 8.3 REVIEW AND AUDIT

(a) **Our Right of Audit**. Our representatives have the right at all times to examine and copy your records. We have the right, at any time, to access your Computer and POS Systems to determine, among other things, sales activity and Gross Revenues. We also have the right, at any time, to conduct an independent audit of your records but no more than 2 times a year, or more frequently if you are in default under this Agreement. To verify the information you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with our representative in performing these activities and you must reimburse us for any expenses we incur based on your lack of cooperation.

(b) **Underreporting**. If an inspection reveals you have understated any financial information you have reported to us (including Gross Revenues or payments owed to us), you must immediately pay to us, upon demand, the amount understated and interest at the maximum rate permitted by law beginning from the time the required payment was due. If any inspection discloses an understatement of 2% or more of Gross Revenues, you must also reimburse us for the expenses for the inspection or audit (including reasonable auditing, accounting, attorneys' fees and costs). In addition, we reserve the right to require you retain an independent certified public accountant reasonably acceptable to us to audit all future year-end financial statements at your expense. These remedies are in addition to any other remedies we have under this Agreement or under applicable law. If the audit discloses an overpayment in any amount you paid to us, we will promptly pay you the amount of the overpayment or offset the overpayment against any amounts you owe to us.

SECTION 8.4 YOUR NAME, ADDRESS AND TELEPHONE NUMBER

Under federal and state franchise laws, while you are a Franchisee, we must disclose your name, business address and business telephone number of each of your Franchise Businesses in ITEM 20 of the FDD. After you cease being a Franchisee, we must disclose your name, city and state and then current business telephone number (or if unknown, your last known home telephone number) for a certain time. You agree to this disclosure. You must notify us of any change in your name, address and telephone number within 10 days of the change. This obligation survives the expiration or termination of this Agreement.

ARTICLE 9 – INSURANCE AND BONDING

SECTION 9.1 TYPES AND AMOUNTS OF COVERAGE

You must purchase and maintain at your expense certain insurance that includes the risks, amount of coverage and deductibles as stated in the Operation & Policies Manual or otherwise provided in writing. This insurance may be in addition to any other insurance that you must obtain based on the requirements of applicable law, your landlord's requirements, your lender's requirements or otherwise. The insurance company must be reasonably satisfactory to us and have a Best rating of "B+" or better. We may periodically adjust the amounts of coverage required under the insurance policies and require different or additional kinds of insurance at any time. These include excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes are required throughout the Network including any Company-Owned Units. These changes and additions to insurance coverage may be required to reflect inflation, the existence of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

SECTION 9.2 EVIDENCE OF INSURANCE

At least 10 days before you begin any construction of the Business Premises, or 10 days from the Agreement Date, if the Business Premises are constructed and presently owned or leased by you, you must furnish to us a certificate of insurance issued by an approved insurance company showing compliance with these insurance requirements and a paid receipt showing the policy number. The certificate of insurance must name us as an additional insured and include a statement by the insurer that the policy will not be canceled, be subject to nonrenewal or be materially altered with at least 30 days' written notice to us. You will send to us current certificates of insurance on an annual basis. You will submit to us promptly copies of all insurance policies and proof of payment upon our request.

SECTION 9.3 REQUIREMENTS FOR CONSTRUCTION OR RENOVATION

For any construction or renovation of the Business Premises, you must require the general contractor to maintain with an approved insurer commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builder's risk, product liability, and independent contractor's coverage) for at least $1,000,000, with you and us named as additional named insureds, as their interests may appear, together with workers' compensation and employer's liability insurance required by law.

SECTION 9.4 OUR RIGHT TO PARTICIPATE IN CLAIMS PROCEDURE

Our insurer or we have the right to participate in discussions with your insurance company or any claimant (with your insurance company) regarding any claim. You agree to discuss our reasonable recommendations with your insurance carrier regarding the settlement of any claims.

SECTION 9.5 WAIVER OF SUBROGATION

The parties agree that, for any loss covered by insurance carried by the parties, their respective insurance companies have no right of subrogation against the other.

SECTION 9.6 EFFECT OF OUR INSURANCE

Your obligation to maintain the policies in the amounts required is not limited because of any insurance we maintain. Our performance of your obligations does not relieve you of liability under the indemnity provisions in this Agreement.

SECTION 9.7 FAILURE TO MAINTAIN INSURANCE

If you fail to maintain the insurance required by this Agreement, we have the right and authority (but without any obligation to do so), after written notice to you and 10 days in which to cure, to procure the insurance on your behalf. If we do so, we will charge you the cost of the insurance, plus interest at the maximum rate permitted by law and a 15% administrative fee for so acting, that you agree to pay immediately upon notice.

SECTION 9.8 GROUP INSURANCE

If we arrange any insurance coverage through group or master policies such as property and casualty, workers' compensation, liability and health, life and disability insurance, we will offer you the right to participate in this group insurance programs at your expense if the insurance is available in the state in which your Franchise Business is located.

ARTICLE 10 - TRANSFER OF INTEREST

SECTION 10.1 TRANSFER BY US

(a) **No Restrictions on Transfer**. We have the right to assign this Agreement to any person without your consent.

(b) **Estoppel Certificate**. Within 10 days after we request, you must sign, acknowledge and deliver to us, a written estoppel certificate stating: (a) confirmation of the existence of this Agreement; (b) that this Agreement has not been amended and is in full force and effect (or, if amended, stating the nature of the amendment); (c) that there are not, to your knowledge, any uncured defaults on our part or by you under this Agreement or specifying the defaults, if any, that are claimed; (d) that you have no, and know of no basis for, any claims of any kind against us (or, if you have or know of any claims, a detailed statement of all claims and a statement that you have no, and know of any basis for, any other claims); and (e) any other matter upon which certification is requested by us or a prospective assignee or lender. We and any prospective purchaser or lender of ours may rely upon any estoppel certificate you give under this Subsection. Any failure or refusal to timely sign a truthful estoppel certificate under this Subsection is an Event of Default on your part.

SECTION 10.2 TRANSFER BY YOU

(a) **Transfer Restrictions**. Except as otherwise expressly provided in this Agreement, you agree not to transfer: (i) any interest in this Agreement, (ii) any portion of the assets used ion the operation of the Franchise Business outside of the ordinary course, (iii) more than 50% of the equity or voting interests of the Franchisee if you are a Business Entity. If we provide our written consent to a transfer, such transfer does not release any Guaranty of Franchisee's Obligations previously signed.

(b) **Permitted Sale of Assets**. We will consent to a sale of the assets used in the operation of the Franchise Business, which consent we will not unreasonably withhold, if you satisfy the following requirements:

(i) You must submit to us our form of Application for Consent to Sell. You will also submit other information and documents (including a copy of the proposed asset purchase agreement or other agreement) we require under our then-current transfer procedures. The application must indicate whether you or a Franchise Owner proposes to receive by the buyer a security interest in the property transferred. You may not receive a security interest without our prior written consent and upon conditions acceptable to us. Any agreement used in connection with a sale is subject to our prior written approval.

(ii) We have waived our right of first refusal under Section 10.5.

(iii) You are not in default of any term of this Agreement or any other agreement between you and us or our Affiliates at the time of transfer.

(iv) The buyer interviews at our corporate headquarters and demonstrates to our reasonable satisfaction that he or she has the business and personal skills, reputation and financial capacity that we require of new Franchisees and has no ownership interest in a Competitive Business.

(v) We have the right to require you to prepare and furnish to the buyer and/or us such financial reports and other data relating to the Franchise Business and its operations reasonably necessary or appropriate for the buyer and/or us to evaluate the Franchise business and the proposed sale. You agree that we have the right to confer with any proposed buyer and furnish him or her with information concerning the Franchise Business and the proposed sale without being liable to you, except for intentional misstatements we made to a buyer. Any information furnished by us to a proposed buyer is for the sole purpose of permitting the buyer to evaluate the Franchise Business and proposed sale and must not be construed in any manner or form whatsoever as financial performance representations or claims of success or failure.

(vi) The buyer must sign our then-current form of Franchise Agreement and all other agreements attached as exhibits to our then-current FDD. The new Franchise Agreement and other agreements may vary in material aspects from this Agreement, including higher Royalty Fees and Advertising Contributions and a change to the Limited

Protected Territory. Neither party is obligated to perform their respective pre-opening obligations. We will not charge an Initial Franchise Fee.

(vii) You will pay us a Transfer Fee set forth in Subsection 3.1(g).

(viii) The buyer must assume your obligations under the lease of the Business Premises or sign a new lease with the landlord.

(ix) You and your shareholders (members), and your directors and officers (managers) must sign a Franchise Termination and Release Agreement, in the form attached as Exhibit O to the FDD, of any claims against us and our subsidiaries and Affiliates, and their respective officers, directors, agents and employees.

(x) At the buyer's expense, the buyer or a Designated Representative and the buyer's General Manager and supervisors (unless the General Manager and supervisors have been previously approved and trained by us) completes Initial Training then in effect for new Franchisees upon all terms that we reasonably require.

(xi) The buyer must spend at least $10,000 for our “Under New Management” advertising program.

You understand that, if you make a transfer pursuant to this subsection, you remain personally liable for all the monetary and non-monetary obligations under this Agreement arising before the transfer. Further, you understand that such a transfer does not release any guaranty previously signed.

(c) **Permitted Assignment to Affiliated Business Entity**. We will agree to you assigning this Agreement to a Business Entity in which you own more than 50% of the equity or voting interests if you satisfy the following conditions:

(i) You, your Designated Representative or a General Manager we approve actively manages the Business Entity and continues to devote his or her best efforts and full and exclusive time to the day-to-day operation of your Franchise Business. You must advise us of the name of the General Manager and the General Manager must meet our standards including training.

(ii) The Business Entity does not use our trade name in any derivative or form in the name of the Business Entity.

(iii) The Board of Directors (Management Committee) and Shareholders (Members) of the Business Entity approve the assumption of this Agreement, authorize an officer or General Manager to sign a joinder agreement or assumption of this Agreement, and appoint a Designated Representative.

(iv) An authorized officer (manager) of the Business Entity signs a document in a form we approve, agreeing to become a party bound by all the provisions of this Agreement;

(v) All certificates representing equity interests bear a legend the following restrictive legend on the back of each certificate:

> Any transfer of the Shares [Membership Interest] represented by this Certificate is subject to the restrictions on transfer contained in The Village Pup Franchise Agreement dated _________, 2022 between the Corporation [Company] and The Village Pup Franchising, LLC.

(vi) Any Guarantor of this Agreement must consent to the transfer and reaffirm his, her or its guarantee obligation.

(vii) You agree to sign any other document necessary to effectuate the transfer.

You understand that, if you transfer this Agreement to your Business Entity, you and any Guarantors remain personally liable for all the monetary and non-monetary obligations under this Agreement arising before or after the transfer through the end of the Initial Term.

(d) **Transfer to Family Members or among Franchise Owners**. If the transfer is between an original Franchise Owner or an individual who has been a Franchise Owner for at least 5 years and an immediate family member of that Franchise Owner, or if the transfer is among individuals who have each been Franchise Owners for at least 5 years, then the following apply: (i) a transfer fee of $5,000 will be payable to us and you must reimburse us for our reasonable attorney costs and expenses in an amount not to exceed $1,500; (ii) we will waive our right of first refusal described in Section 10.5; and (iii) we will not require the signing of our then-current franchise agreement but a joinder to this Agreement.

(e) **No Subfranchising Rights**. You have no right to grant a subfranchise.

(f) **No Encumbrance of Franchise Right and Controlling Interest**. While you may encumber the assets comprising your Franchise Business with our prior written consent and subject to Section 3.6, you may not grant a security interest, collaterally assign or otherwise encumber your interest in this Agreement. You may not pledge or otherwise encumber a controlling voting or equity interest in a Business Entity if you assign this Agreement to a Business Entity. Any attempted encumbrance is void and is an Event of Default on your part.

(g) **"For Sale" Restrictions**. You will not permit to be placed upon the Business Premises a "Business For Sale" or "For Sale" sign, or any sign of a similar nature or purpose, nor in any manner use the Principal Trademark or other trademarks to advertise the sale of your Franchise Business or the sale or lease of the Business Premises. These prohibitions apply to any activities under a listing agreement into which you may enter with a real estate or business broker.

(h) **Disapproval of Transfer**. Our disapproval of the transfer for failure to satisfy the transfer conditions described in this Subsection, or of any other condition to transfer stated in this Agreement, does not cause us any liability to you or the transferee. Our consent to a transfer is not a waiver of any claims we may have against you. Our consent to a transfer is not a waiver of our right to demand the transferee's exact compliance with this Agreement. No transfer we approve relieves you of liability for your conduct before the transfer, including conduct in breach of this Agreement. You are relieved of all liability for your transferee's conduct after a permitted transfer except you remain obligated to comply with those provisions that expressly survive an expiration or termination of this Agreement including the obligations of indemnification, confidentiality and non-competition.

(i) **Transfer Without Our Consent**. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement is void. We will consider that your interest in this Agreement has been voluntarily abandoned giving us the right to deem you in non-curable default and terminate this Agreement. You will also sign the Franchise Termination and Release Agreement included as Exhibit __ to the FDD previously delivered to you.

SECTION 10.3 TRANSFER UPON DIVORCE OR BUSINESS ENTITY DISSOLUTION

If this Agreement is in the name of 2 persons who are married or 2 or more persons who are owners of a Business Entity, this Section describes the policies to be applied upon a divorce or dissolution of the Business Entity. During the period when a divorce or dissolution action is pending, you must give us written notice and adopt one of the following methods of operation:

(a) **Relinquishment of Interest**. If a party relinquishes his or her right and interest in the Franchise Business and the other spouse or owner will continue to operate the Franchise Business, he or she must assign the interest to the other spouse or owner if the other spouse or owner has successfully completed Initial Training. This does not relieve that person relinquishing his or her interest of his or her personal obligations under this Agreement including the personal obligations of indemnification, confidentiality and noncompetition.

(b) **Joint Cooperation**. If the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the Franchise Business jointly on a "business-as-usual" basis during the proceeding, they may do so.

(c) **Third Party General Manager**. If the parties in a divorce action or dissolution do not agree to operate under alternates (a) or (b), they must arrange to have a third-party act as General Manager pursuant to Subsection 4.6(d) to operate the Franchise Business until the divorce or dissolution is completed.

(d) **Final Order or Judgment**. After a final order or judgment, the divorcing parties may continue to operate the Franchise Business. In this case, however, each person must enter a formal agreement defining their respective rights and obligations, file a signed copy with us, assign this Agreement to the new Business Entity, appoint a Designated Representative and comply with all other requirements for operating the Franchise Business as a Business Entity. Neither party is released from their obligations under this Agreement.

SECTION 10.4 TRANSFER UPON DISABILITY OR DEATH

(a) **Disability**. If you or any Franchise Owner/Designated Representative becomes disabled from any cause and is unable to perform his or her obligations under this Agreement, you will immediately provide and maintain a replacement General Manager satisfactory to us to perform your obligations. If you fail or are unable to provide and maintain a replacement General Manager, we may hire and maintain the replacement General Manager in accordance with Section 2.17. Upon a determination of permanent disability or the disability lasts for more than 3 months, your interests in the Franchisee (if you are a Business Entity) or in this Agreement must be sold within 12 months (or a shorter period if required by state law) to an approved transferee in accordance with the terms of this ARTICLE.

(b) **Death**. Upon your death if you are an individual, or the death of any Franchise Owner who owns more than 50% of the equity interests or a controlling interest in you if you are a Business Entity, the authorized representative of the decedent will transfer the interest or all of the assets used in the operation of the Franchise Business to a third party that we approve within 3 months after death. Such transfers including transfers by inheritance are subject to the same conditions as any transfer under Subsection 10.2(b). In the case of inheritance, if the heirs are unable to meet the conditions of Subsection 10.2(b) or it will violate the in-term covenant not to compete in Subsection 13.1(a), the authorized representative of the decedent will sell the decedent's interest or assets to another party we approve within 6 months from the date of death subject to Subsection 10.2(b). If necessary, the authorized representative will, as soon as reasonably possible, provide and maintain a replacement General Manager satisfactory to us. If the authorized representative fails to provide and maintain a replacement General Manager, we may hire and maintain the replacement General Manager in accordance with Section 2.17.

SECTION 10.5 OUR RIGHT OF FIRST REFUSAL

(a) **Notice of Offer**. If you are a Business Entity and the Franchise Owners receive an offer from a third party to purchase 100% of the equity interests of the Business Entity ("Equity Interest Offer") or the Franchisee receives an offer from a third party to purchase, outside the ordinary course of business, a material part or all of the Business Assets of the Franchise Business ("Asset Offer"), then you must ensure that the person receiving the Interest Offer, or upon the Franchisee receiving the Asset Offer (and in either case the person receiving the third party's offer is referred to as the "Offeror") understands that, if the Offeror desires to accept the Equity Interest Offer or the Asset Offer, the Offeror first offer to sell to us the Interest or the Assets for the consideration and on the terms stated in the third party's written offer (the "Offer"). The Offeree must give us written notice that includes the name, street address, telephone number and e-mail address of the Offeror. The offer to us will not be considered properly extended unless and until such time as it includes, at a minimum, a fully signed copy of the entire proposed sale and purchase agreement or letter of intent between the Offeree and the proposed buyer containing the purchase price, any lease terms, a description of all assets and liabilities to be acquired and obligations assumed, as well as a financial package consisting of: (i) the Franchisee's most recent year-to-date financial summary; (ii) the Franchisee's previous 3 years' financial statements; (iii) a copy of any and all financial commitments being transferred (for example, equipment loans, lease agreements, promissory notes, mortgages, etc.); and (iv) any other information that we request in order to evaluate the Offer. We have the right of first refusal to purchase the Interest or the Assets, by accepting the Offer, within 14 days after our receipt of the Offer and required information.

(b) **Acceptance of Offer**. If we give notice of acceptance of the Offer, then the Offeror will sell and we will purchase the Interest or the Assets in accordance with the terms of the purchase agreement made by the Offeree. However, if Offeror was obligated to pay a broker's commission on the sale to the Offeree, which brokerage commission is not due if we exercise our right of first refusal, the purchase price will be reduced by the amount of the brokerage commission that would have been paid by Offeror. If the Offeror is extending purchase money financing, our creditworthiness is deemed at least equal to the creditworthiness of the Offeree.

(c) **Unique Consideration**. If the purchase agreement provides for the Offeree's full or partial payment to include consideration that is of a nature that we cannot reasonably duplicate (the "Unique Consideration"), we may substitute cash or stock (of we are a public company with registered shares) in lieu of the Unique Consideration. The parties will agree on the value of the Unique Consideration within 30 days after we received the purchase agreement and other information. If the parties cannot agree on the fair market value of the Unique Consideration, an independent appraiser the parties select will determine its fair market value. If the parties are unable to agree on an independent appraiser within 10 days, the parties will each select an independent appraiser, and the appraisers will select a third independent appraiser (the "Third

Appraiser"). The Third Appraiser will determine the fair market value of the Unique Consideration. If either party fails to select an appraiser and give notice to the other of the identity of the appraiser within the 10-day period, the appraiser selected by the other party will be the appraiser. The parties will pay the cost of the appraisal equally.

(d) **Other Assets**. If the proposed sale includes assets that are not part of the operation of the Franchise Business, we may elect to purchase only the assets that comprise the Franchise Business. The parties will determine an equitable purchase price. If the parties cannot agree and allocate the purchase price to each asset included in the sale the value will be determined by the appraisal process described in Subsection 10.5(c).

(e) **Representations and Warranties**. We will purchase the Interest or Assets subject to all customary representations and warranties given by a seller of stock or assets. These representations and warranties include warranties as to ownership, condition and title to the Interest and/or Assets, absence of liens and encumbrances on the Interest and/or Assets, validity of contracts and the extent and natures of any liabilities of the Business Entity relating to the Interest purchased.

(f) **Closing**. Unless otherwise agreed to by the Offeror and us, the closing of the purchase of the Interest or the Assets will take place at our corporate headquarters no later than 60 days after you delivered the purchase agreement and other documents to us. The closing of any purchase where Unique Consideration is determined in accordance with Subsection 10.5(c) will occur within 15 days after the value of the Unique Consideration is determined. At any closing, the Offeror must deliver to us an assignment and other documents we request representing a transfer of ownership of the Interest or the Assets free of all liens, claims, pledges, options, restrictions, charges and encumbrances, in proper form for transfer and with evidence of payment by the Offeror of all applicable transfer taxes. We will simultaneously make payment of any cash consideration for the Interest or Assets by a cashier's check drawn on a financial institution or payment by the issuance of the shares less any amounts you then owe us, if any.

(g) **Waiver of Right**. If we do not accept the Offer, the Offeror is free, within the next 60 days after we have elected not to exercise our option, to sell the Interest or the Assets to the Offeree for the consideration and upon the terms specified in the Offer, subject to full compliance with all the terms of transfer required under this Agreement including those stated in Section 10.2. Before any sale of the Interest to the Offeree, the Offeree must deliver to us a written acknowledgment that the Interest purchased is subject to the terms of this Agreement and that the Offeree agrees to be bound to the terms of this Section on transferring the Interest, in the same manner as the Offeror. If the Offeror does not sell the Interest or the Assets within the 60-day period, then any later transfer by the Offeror of the Interest or the Assets is again subject to the restrictions stated in this Agreement.

(h) **Exceptions to Right**. If a proposed Offeree is a Business Entity wholly owned by the Offeror or to the Offeror's spouse or child, we will not have any right of first refusal. All transferees are subject to all of the restrictions on transfer of ownership imposed on the Offeror under this Agreement.

ARTICLE 11 - DEFAULT AND TERMINATION

SECTION 11.1 TERMINATION BY YOU - AFTER NOTICE AND RIGHT TO CURE

If you have substantially complied with this Agreement and we materially breach this Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or, within a longer period if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate this Agreement. You may also terminate this Agreement upon the mutual written agreement with us. Any termination of this Agreement by you other than as stated above is a wrongful termination by you. Your termination of this Agreement under this Section does not release or modify your obligations under ARTICLES 5, 6, 12, 13 and any other provision of or obligation under the terms of this Agreement that is intended to survive termination.

SECTION 11.2 TERMINATION BY US - WITHOUT NOTICE

(a) **Automatic Termination**. Subject to applicable law, this Agreement automatically terminates without notice to you or giving you an opportunity to cure on the date that any of the following Events of Default occurs:

(i) You damage our Business System through violation of federal, state or local environmental laws.

(ii) You make a general assignment for the benefit of creditors;

(iii) You file a petition in bankruptcy, a petition for involuntary bankruptcy is filed against you, you consent to the petition, or the petition is not dismissed within 45 days;

(iv) You are adjudicated as bankrupt, a bill in equity or other proceeding for the appointment of a receiver or other custodian for your Franchise Business or its assets is filed and you consent to it.

(v) If a court appoints a receiver or other custodian (permanent or temporary) of your Franchise Business or its assets, or proceedings for a composition with creditors under federal or any state law is filed by or against you;

(vi) A final judgment in excess of $25,000 remains unsatisfied for 30 days or longer (unless you file a *supersedeas* bond);

(vii) Execution is levied against the assets of your Franchise Business, or suit to foreclose any lien or mortgage against the assets of your Franchise Business is filed against you and is not dismissed within 45 days.

(b) **Notice to Us**. You will notify us within 3 days of the occurrence of any of the events described in Subsection 11.2(a).

SECTION 11.3 TERMINATION BY US - AFTER NOTICE

We may terminate all rights granted to you under this Agreement, without affording you any opportunity to cure the default, effective immediately upon notice to you, if any of the following Events of Default occur:

(a) **Cessation**. You cease to do business at the Business Premises at any time, or lose the right of possession of the Business Premises after the expiration of all redemption periods and you have not satisfied the provisions of Section 1.5, if applicable.

(b) **Forfeiture**. You forfeit the right to do or transact business in the jurisdiction where your Franchise Business is located.

(c) **Health or Safety Violations**. You violate any health or safety law, ordinance or regulation, and you do not correct the violation within 3 days after written notice from us or a governmental authority. If you cannot reasonably cure in this time, then you must begin taking all reasonable steps to cure within this time and complete a cure in no more than 30 days after receipt of written notice.

(d) **Conviction**. You or the General Manager, or any officer, director, or Franchise Owner, are convicted of a felony, a crime of moral turpitude or any other crime or offense that we reasonably believe is likely to have a material adverse effect on the Business System, the Intellectual Property, the goodwill associated with the Intellectual Property, or our interest in any of the Intellectual Property, unless you immediately but legally terminate that individual's relationship with you.

(e) **Denial of Inspection**. You deny us the right to inspect your Franchise Business or to audit your records.

(f) **Moral Turpitude**. You engage in conduct that we determine is deleterious to or reflects unfavorably on you, the Franchise Business or the Business System in that the conduct exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior.

(g) **Unauthorized Encumbrance or Transfer**. You attempt to encumber or transfer any rights or obligations under this Agreement (including transfers of any interest in a Business Entity that owns the Franchise Business) in violation of this Agreement, without our written consent.

(h) **Breach of Personal Covenants**. If any breach occurs under Sections 6.2 or 13.1 concerning confidentiality and non-competition covenants.

(i) **Falsehoods**. You knowingly maintain false records or knowingly submit any false reports to us.

(j) **Infringement**. You misuse or make any unauthorized use of the Intellectual Property or otherwise materially impair the goodwill associated with the Intellectual Property or our rights in the Intellectual Property.

(k) **<u>Recurring Defaults</u>**. You receive from us 3 or more Notices of Default for the same or similar defaults during any 12 consecutive-month period, even if all defaults were cured.

(l) **<u>Guarantor's Financial Condition</u>**. There is a material adverse change in the financial condition of a Guarantor.

SECTION 11.4 TERMINATION BY US - AFTER NOTICE AND RIGHT TO CURE

(a) **<u>Health or Safety Violation</u>**. If a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as cleanliness, health and sanitation, or if the operation of the Franchise Business presents a health or safety hazard to the dogs, your customers or to the public; (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

(b) **<u>Monetary Defaults</u>**. With respect to monetary defaults, you have 10 days after delivery from us of a written Notice of Default specifying the amount due to pay us the full amount due plus interest, late charges and our attorneys' fees. The failure to remedy any monetary default within 10 days of receipt of Notice of Default is an Event of Default giving us the right to terminate this Agreement. With respect to monetary defaults, you have 10 days after an e-mail from us of a written Notice of Default specifying the amount due to pay us the full amount due plus interest, late charges and our attorneys' fees.

(c) **<u>Other Non-Monetary Defaults</u>**. With respect to non-monetary defaults, except as otherwise provided in Section 11.2 and 11.3, you have 30 days after an e-mail from us of a written Notice of Default specifying the nature of the default and what steps you must take to remedy any default. You must timely provide evidence of cure satisfactory to us. If you fail to cure any default within that time (or any longer time required by applicable law), you have committed an Event of Default giving us the right to terminate this Agreement. In addition to the Events of Default specified in Sections 11.2 and 11.3, it is an Event of Default if you fail to comply with any requirement imposed by this Agreement, as it may be revised or supplemented by the Operation & Policies Manual. You have the burden of proving that you properly and timely cured any default, to the extent we permit a cure under this Agreement.

(d) **<u>Cessation of Services</u>**. During a cure period, we reserve the right to refuse to provide services or products to you without our being in default of this Agreement.

(e) **<u>Burden of Proof</u>**. You have the burden of proving that you properly and timely cured any default, to the extent we permit a cure under this Agreement.

ARTICLE 12 - YOUR OBLIGATIONS UPON TERMINATION DUE TO YOUR DEFAULT OR ON NONRENEWAL

Upon our termination of this Agreement due to your default or upon the expiration and nonrenewal of the Agreement, the Sections of this ARTICLE apply to the parties' rights and obligations.

SECTION 12.1 CEASE OPERATION OF THE FRANCHISE BUSINESS

You will immediately cease operating the Franchise Business. You will not, directly or indirectly, use any of the Intellectual Property. You will not represent yourself as a present or former Franchisee of us. You must not continue to associate yourself with the Intellectual Property or use the Business System. You will immediately cease using all stationery, signage and other materials containing the Intellectual Property. You will also immediately cease using all telephone numbers for the Franchise Business. You authorize us to take whatever actions are necessary to comply with this Section and in accordance with the Telephone Number and Directory Advertising and Assignment Agreement, the form of which is included as Exhibit L to the FDD. You must cease using our Website. You must cease using any URL and Internet addresses used for your Franchise Business that we do not own and immediately transfer to us the URL and Internet addresses. You must delete all software and applications from all memory and storage devices.

SECTION 12.2 PAYMENT OF OUTSTANDING AMOUNTS

We will retain all fees paid under this Agreement except for refunds expressly required in this Agreement. You must pay to us: (a) all unpaid Royalty Fees and Advertising and Marketing Contributions: (b) all payments we paid to Approved Suppliers on your behalf and to the Landlord to cure your default under the Lease; and (c) all other amounts owed to us within 10 days after the effective date of the termination, or any later dates as we determine that amounts are due to us. You must also pay all Affiliates, Designated Suppliers, Approved Suppliers and other creditors the amounts you owe to them.

SECTION 12.3 DISCONTINUANCE OF USE OF TRADE NAME

You must immediately cancel any fictitious, trade or assumed name registration that contains our trademark, trade name or service mark or colorable imitation of our trademark, trade name or service mark. You will furnish us with evidence of compliance with this obligation within 30 days after our termination or the expiration of this Agreement. If you fail to cancel, you appoint us as your attorney-in-fact to do so.

SECTION 12.4 OUR OPTION TO PURCHASE CERTAIN ASSETS USED IN YOUR FRANCHISE BUSINESS

(a) **Option to Purchase**. We have the option to purchase from you all the Assets used in your Franchise Business by giving you written notice within 30 days from the date of expiration or termination. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties given by a seller of a business, including: (i) ownership, condition and title to the assets; (ii) the absence of liens and encumbrances on the assets; and (iii) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. The purchase price for the Assets is their respective book value, determined as of the effective date of purchase, in a manner consistent with reasonable depreciation of your leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and other depreciable assets of your Franchise Business. The purchase price will take into account the termination of the Franchise granted under this Agreement and will not contain any factor or increment for any trademark, service mark or other commercial symbol used in the operation of your Franchise Business.

(b) **Closing**. We will pay the purchase price in cash at the closing of the purchase. The closing will take place within 90 days after your receipt of our notice of exercise. At the closing, you will deliver instruments transferring to us good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests assumable and acceptable to us) with all transfer taxes paid. If you cannot deliver clear title to all of the Assets, or if there are other unresolved issues, the closing of the sale will be in escrow. The parties will comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state where your Franchise Business is located, if any, and the bulk sales provisions of any applicable tax laws and regulations. You will pay all tax liabilities incurred in the operation of your Franchise Business before or at the closing of the purchase. We have the right to set off against and reduce the purchase price by all amounts you owe to us, and the amount of any encumbrances or liens against the assets or any obligations we assume.

(d) **Interim Management**. If we exercise the option to purchase, pending the closing of the purchase, we have the right to appoint a General Manager to maintain the operation of your Franchise Business under Section 2.17. Alternatively, we may require you to close your Franchise Business until the closing without removing any assets if the landlord consents. You will maintain in force all insurance policies required in this Agreement until the date of closing.

(e) **Lease**. If you lease the Business Premises, we agree to use reasonable efforts to either assume the lease, or effect a termination of the lease and enter into a new lease. If we assume your lease, we will indemnify you from any ongoing liability under the lease that occurs after the date we assume possession of the Business Premises. If you own the Business Premises, upon purchase of the Assets, you will enter into a new lease with us. The lease will be on terms comparable for similarly leased commercial properties in the area for a term of at least 10 years and for a rental equal to the fair market rental value of the Business Premises. The Appraiser (selected in the manner described above) will determine the rental value, if the parties cannot agree on the fair market rental value of the Business Premises.

SECTION 12.5 DISTINGUISHING OPERATIONS

(a) **Non-Competitive Business**. If we do not exercise our option under Section 12.4 and you desire to remain in possession of the Business Premises, you may only operate a business that does not violate your covenant not to compete. You must make all modifications to the Business Premises immediately upon termination of this Agreement as necessary to distinguish the appearance of the Business Premises from that of other Franchise Businesses.

(b) **De-Identification**. You must immediately remove all identifying architectural superstructure and signage on, about or in the Business Premises bearing the name or logos of The Village Pup (or any name or logo similar to The Village Pup), in the manner we specify. You will hold all property belonging to us for delivery to us, at our expense, upon request. Any signage that you are unable to remove within 1 Business Day of the termination or expiration of this Agreement you must completely cover the signage until the time of their removal. If you fail or refuse to comply with this obligation, we have the right to enter the Business Premises, without being guilty of trespass or any other tort for the purpose of removing the signage and storing them at another location, at your reasonable expense (for signage not owned by us) payable by you on demand.

(c) **Notice to Customers**. Until you complete all modifications and alterations required by this Section, you must maintain a conspicuous sign at the Business Premises in a form we specify stating that your business is no longer associated with our Business System. You also must advise all customers or prospective customers calling your new telephone number that your new business is no longer associated with our Business System.

(d) **Our Entry Right**. If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Business Premises to make all changes as may be required at your expense and at your sole risk. We have no responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act. You agree that your failure to make these alterations will cause us irreparable injury.

SECTION 12.6 UNFAIR COMPETITION

You agree, if you continue to operate or later begin to operate any other business, you will not engage in any unfair competition as that term has been interpreted under 15 U.S.C. § 1125(a), commonly known as Section 43(a) of the Lanham Act or under California law including trademark infringement, passing off, false advertising, misappropriation and unfair competition. This Section does not relieve, directly or indirectly, your obligations under ARTICLE 13.

SECTION 12.7 RETURN OF MATERIALS

You will immediately deliver to us all Confidential Information including the Operation & Policies Manual in your possession or control, and all copies and any other forms of reproductions of these materials. You agree that all these materials are our exclusive property.

SECTION 12.8 OUR PURCHASE RIGHTS OF ITEMS BEARING INTELLECTUAL PROPERTY

Even if we do not exercise our option under Section 12.4, we have the option (but not the obligation), upon notice to you within 30 days after termination or expiration, to purchase any assets used in the Franchise Business bearing the Intellectual Property. This includes signs, advertising materials, supplies, inventory or other items at a price equal to the lesser of your cost or fair market value (less a 20% restocking charge). If the parties fail to agree on fair market value, the parties will use the same appraisal process described in Subsection 12.4(b). If we elect to exercise our option to purchase, we will have the right to set off all amounts due from you under this Agreement and ½ the cost of the Third Appraisal, if any, against any payment to you. If you fail to sign and deliver to us the necessary documents to transfer good title to these assets, we are entitled to apply to any court of competent jurisdiction for a mandatory injunction and specific performance to compel you to comply with our rights granted in this Agreement. You will pay to us all of the expenses, including our reasonable attorneys' fees relating to our exercise of this option or we will credit these expenses against the purchase price.

SECTION 12.9 LIQUIDATED DAMAGES FOR PREMATURE TERMINATION

If we terminate this Agreement due to your default or you terminate this Agreement without cause, in addition to all amounts you owe us at the time of termination, you will also pay us a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fees for: (i) the 36 calendar months of operation of your Franchise Business preceding the termination; (ii) the period of time your Franchise Business has been in operation preceding the termination, if fewer than 36 calendar months, projected on a 36-calendar-month basis; or (iii) any shorter period that equals the unexpired period of the Initial Term. The parties agree that a precise calculation of the full extent of the damages that we will incur on termination of this Agreement as a result of your default is difficult to calculate and the parties desire certainty in this matter. The parties agree that the lump sum payment is reasonable in light of the damages for premature termination that we will incur in this event. You are also liable for pre-judgment and post-judgment interest and our attorneys’ fees and costs. Other than a claim for monetary damages or lost profits, this payment is not exclusive of any other remedies that we have including a right to injunctive relief. This payment does not relieve you from your obligations that survive the termination or expiration of this Agreement including the obligations of indemnification, confidentiality and non-competition.

ARTICLE 13 - YOUR INDEPENDENT COVENANTS

SECTION 13.1 DIVERSION OF BUSINESS; COMPETITION AND INTERFERENCE WITH US.

(a) **Covenant Not to Compete.** You agree that we 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 Franchisees if we permit Franchisees to hold interests in any Competitive Business. You covenant that during the Initial Term and for 24 months after the termination of this Agreement due to your default, for 24 months after the expiration and non-renewal of this Agreement, or for 24 months after you transfer your Franchise Business, except as we otherwise approve in writing, you and your officers, agents, servants, employees, and all others in active concert or participation with you, will not, directly or indirectly:

A. Solicit, or otherwise attempt to induce by combining or conspiring with another person, or attempting to do so, or in any other manner influence any Business Associate to terminate or modify his, her or its existing or prospective business relationship with us or to compete against us;

B Be involved with a Competitive Business as owner, officer, director, employee, agent, lender, landlord, broker, consultant, franchisee or any other capacity (this restriction will not apply to a 5% or less beneficial interest in a publicly-held corporation) having a location within 10 miles of the Business Premises or within 25 miles of any Franchised Unit or Company-Owned Unit then in operation or under contract; or

C. Interfere with, disturb, disrupt, harm or attempt to diminish any relationships, agreements or understandings, written or oral, decrease or otherwise jeopardize our business or the business of any of our Franchisees or any other The Village Pup locations, customers, shareholders, suppliers, suppliers, lenders or creditors to cease doing business with, or diminish his, her or its relationship with us or our Franchisees.

(b) **Liquidated Damages**. In addition to our right to seek injunctive relief, if you compete with us directly or indirectly including conspiring with a family member or third party in violation this Subsection, we have the right to require that you report to us all sales made by the Competitive Business. You will also pay to us, on demand, a weekly fee of $1,000 without the fee deemed to have revived or modified this Agreement. These payments are liquidated damages to compensate us for our damages from your violation of the covenant not to compete and are not a penalty.

(c) **Section 542.335 of the California Statutes**. You, your Franchise Owners and your guarantors agree that we have a legitimate business interest justifying the enforcement of this restrictive covenant, consistent with Section 542.335 of the California Statutes, which legitimate business interest includes:

(i) Substantial relationships with employees and valuable confidential business or professional information that does not otherwise qualify as trade secrets;

(ii) Substantial relationships with specific prospective or existing customers and suppliers;

(iii) customer and customer goodwill associated with:

1. An ongoing dog daycare and/or grooming and/or boarding and/or training business;
2. A specific geographic location.
3. A specific marketing and trade area;
4. A specific marketing Clientele;
5. A list of subcontractors;
6. A list of 1099 Recipients; and
7. A list of customers.
8. Extraordinary and/or specialized training

(d) **Reasonableness of Covenant.** You agree that the length of the term and geographical restrictions contained in this Section are fair and reasonable and are not the result of overreaching, duress or coercion of any kind. You agree that your full, uninhibited and faithful observance of each of the covenants in this Section will not cause you any undue hardship, financial or otherwise. The enforcement of each of the covenants in this Section will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you or otherwise to obtain income required for the comfortable support of yourself and your family, and the satisfaction of your creditors. You agree that your special knowledge of the business operated by a Franchise Businesses (and anyone acquiring this knowledge through you) would cause us and our Franchisees serious injury and loss if you (or anyone acquiring this knowledge through you) were to use this knowledge to the benefit of a competitor or were to compete with us or any of our Franchisees.

(e) **Tolling.** You agree that the 24-month period will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement.

(f) **Court Modification**. If any court rules that the time, territory, scope or any other provision in this Section is an unreasonable restriction upon you, you agree that these provisions are not rendered void, but apply as to time, territory, scope or to any other extent that the court determines or indicates are reasonable restrictions under the circumstances involved.

SECTION 13.2 INDEPENDENT COVENANTS; THIRD PARTY BENEFICIARIES

(a) **Independent Covenants**. The parties agree that the covenants in this ARTICLE are independent of any other provision of this Agreement. You agree that the existence of any claim you may have against any affiliate or us under this Agreement or otherwise, is not a defense to our enforcement of these covenants.

(b) **Third Party Beneficiaries**. The parties agree that all other Franchisees are third party beneficiaries of the terms of Section 13.1. Another Franchisee has the right to enforce these covenants at its expense without our joinder or participation, if we are unwilling or unable to enforce these covenants, but without any liability to the Franchisee on our part.

ARTICLE 14 - INDEPENDENT CONTRACTOR AND INDEMNIFICATION

SECTION 14.1 INDEPENDENT STATUS

You are an independent contractor. Nothing in this Agreement is intended to designate either party an agent, legal representative, subsidiary, joint venture partner, joint employer, partner, employee, affiliate or servant of the other party for any purpose, unless expressly provided in this Agreement to the contrary. The parties agree that nothing in this Agreement authorizes either party to make any agreement, warranty or representation on behalf of the other party, nor to incur any debt or other obligation in the other party's name. You will take all affirmative action we request to indicate that you are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Business Premises and a notice on all stationery, business cards, sales literature, contracts and similar documents that states that your Franchise Business is independently owned and operated by you. The content of any plaque and notice is subject to our written approval.

SECTION 14.2 INDEMNIFICATION

(a) **Our Indemnification**. You are responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of your Franchise Business and for all claims for damages to property or for injury, illness or death of persons directly or indirectly resulting from your or your employees' and agents' action or inaction. You indemnify us and hold us harmless from all costs, losses and damages (including reasonable attorneys' fees and costs, even if incident to appellate, post-judgment or bankruptcy proceedings) from claims brought by third parties involving your ownership and/or operation of your Franchise Business, unless caused by our negligence or intentional misconduct. This indemnity obligation continues in full effect after the expiration, transfer or termination of this Agreement. We will notify you of any claims. You have the opportunity to assume the defense of the matter. If you fail to assume the defense, we may defend the action in any manner we deem appropriate. You will pay to us all costs, including attorneys' fees that we incur in effecting the defense, in addition to any sum that we may pay by any settlement or judgment against us. Our right to indemnity under this Agreement arises and is valid regardless of any joint or concurrent liability imposed on us by statute, ordinance, regulation or other law.

(b) **Your Indemnification**. We fully protect, indemnify and defend you and hold you harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our Company-Owned Units (regardless of cause or any concurrent or contributing fault or negligence by you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

ARTICLE 15 - REPRESENTATIONS AND WARRANTIES

SECTION 15.1 OUR REPRESENTATIONS

We make the following representations and warranties to you that are true and correct upon the signing of this Agreement:

(a) **Organization**. We are a limited liability company duly organized, validly existing and in good standing under the laws of the State of California.

(b) **Authorization**. We have the corporate power to sign, deliver, and carry out the terms of this Agreement. We have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by us and is our valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation**. Our performance of our obligations under this Agreement will not result in: (i) the breach of any term of any contract or agreement to which we are a party to or that we are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; or (ii) the violation by us of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

SECTION 15.2 YOUR REPRESENTATIONS

You make the following representations and warranties to us that are true and correct upon signing this Agreement and throughout the Initial Term:

(a) **Organization**. You are a Business Entity duly organized, validly existing and in good standing under the laws of your state of formation.

(b) **Authorization**. You have the power to sign, deliver, and carry out this Agreement. You have taken all necessary action for proper authorization. This Agreement has been duly authorized, signed and delivered by you and is your valid, legal and binding agreement and obligation in accordance with this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally.

(c) **No Violation**. The performance by you of your obligations under this Agreement will not result in: (i) the breach of any term of, or be a default under, any term of any contract, agreement or other commitment to which you are a party to or you are bound by, or be an event that, with notice, lapse of time or both, would result in a breach or event of default; or (ii) the violation by you of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree. You are not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by you entering into this Agreement or which would directly or indirectly prohibit or restrict your signing of this Agreement or performance under this Agreement.

(d) **No Speculative Intent**. You are not obtaining the Franchise Business for speculative or investment purposes and have no present intention to sell or transfer or attempt to sell or transfer any part of this Agreement or the assets comprising the Franchise Business.

(f) **True Copies**. Copies of all documents you furnished to us are correct copies of the documents, including all amendments or modifications, and contain no misleading or incorrect statements or material omissions.

SECTION 15.3 RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

You acknowledge you have received from us our Franchise Disclosure Document for the state of your residence and where your Franchise Business will be located containing all exhibits to the Franchise Disclosure Document at least 14 days before: (a) you signed this Agreement and any other agreement with us imposing a binding obligation on you; and (b) your paying any consideration to us for the sale or proposed sale of a Franchise.

SECTION 15.4 RECEIPT OF COMPLETED FRANCHISE AGREEMENT

You also acknowledge that you have received from us a completed copy of this Agreement and all related agreements, containing all material terms, (except for the date, signatures and any minor matters not material to the agreements), with all blanks filled in, at least 7 days before you signed this Agreement.

SECTION 15.5 ACKNOWLEDGMENT OF RISK

You agree to the following:

(A) YOUR SUCCESS IN OWNING AND OPERATING YOUR FRANCHISE BUSINESS DEPENDS ON MANY FACTORS INCLUDING YOUR INDEPENDENT BUSINESS ABILITY. NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY US OR ANY OF OUR EMPLOYEES, BROKERS OR REPRESENTATIVES, TO INDUCE YOU TO ENTER INTO THIS AGREEMENT EXCEPT AS INCLUDED IN THIS AGREEMENT. WE DO NOT AUTHORIZE ANY OFFICER, DIRECTOR, EMPLOYEE, BROKER OR OTHER REPRESENTATIVE TO DO OTHERWISE.

(B) YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH US, OUR OFFICERS, DIRECTORS, EMPLOYEES, BROKERS (IF ANY) AND OTHER REPRESENTATIVES, AREACTING ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. YOU AGREE THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN YOU AND ANY INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE ONLY BETWEEN YOU AND US AND NOT THE INDIVIDUALS.

(C) IN ADDITION, WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE THE FRANCHISE BUSINESS IN THE JURISDICTION WHERE YOU INTEND TO OPERATE YOUR FRANCHISE BUSINESS. IT IS YOUR OBLIGATION TO SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF A GOVERNMENTAL BODY ENACTS ANY LEGISLATION OR REGULATION THAT PREVENTS YOU FROM OPERATING YOUR FRANCHISE BUSINESS, WE ARE NOT LIABLE TO YOU FOR ANY DAMAGES. WE DO NOT HAVE TO INDEMNIFY YOU OR RETURN TO YOU ANY MONIES WE RECEIVED FROM YOU.

ARTICLE 16 - TERM

SECTION 16.1 INITIAL TERM

The Initial Term of this Agreement is 10 years from the Agreement Date, unless sooner terminated under ARTICLE 11. The conditions to obtain a Renewal Franchise Agreement at the expiration of this Agreement are those stated in Section 16.2.

SECTION 16.2 OPTION TO RENEW FRANCHISE RELATIONSHIP

(a) **Evergreen Renewal**. We grant you unlimited options to renew the franchise relationship for a term of 10 years each. You must satisfy all of the following conditions before the expiration of this Agreement, unless we specified another time below.

(i) You must give us written notice of your intention to exercise the option at least 12 months before the end of the Initial Term.

(ii) You cannot be in default of any provision of this Agreement or any other agreement between you and us at the time of renewal.

(iii) Within 30 days before the end of the Initial Term, you must sign and deliver to us our then current form of Franchise Agreement. That Franchise Agreement may have material business terms that are different from the terms of this Agreement. We are not obligated to provide any initial or other pre-opening obligations and you are not obligated to perform any pre-opening duties contained in that Franchise Agreement, which apply only to new franchisees. You must also sign all other agreements ancillary to this Franchise Agreement.

(iv) You will not pay another Initial Franchise Fee;

(v) You and your shareholders (members), and your directors and officers (General Managers) must sign a Franchise Termination and Release Agreement in the form attached as Exhibit O to the FDD, releasing any claims you may have against us and/or our subsidiaries and affiliates, and their respective officers, directors, agents and employees.

(vi) You must be entitled to continue to occupy the Business Premises for the entire Renewal Term including renewal rights or obtain our approval of a new location for the Franchise Business within the Limited Protected Territory, but not within the Limited Protected Territory of a Company-Owned Unit or Franchised Unit, in accordance with our relocation procedures stated in Section 1.4.

(vii) You must renovate and modernize the Business Premises if they do not conform to our then-current Trade Dress requirements, subject to the Capital Expenditure Limitation.

(b) **Our Right Not to Renew**. If you have not met all of the conditions stated in Subsection 16.2(a), or if you have received 4 or more notices of default during the Initial Term, even if you cured the defaults, we may elect not to enter into a new Franchise Agreement. Within 5 days after you receive our written notice that we have elected not to enter into a new Franchise Agreement, you may request our permission for you to sell your Franchise Business. You will then have 180 days to sell the Franchise Business, subject to our right of first refusal. This notice will extend the Initial Term, as necessary, to the end of the 180-day period, unless we have other grounds to terminate the Initial Term). This transfer must comply with the provisions of Subsection 10.2(b) and all the other applicable terms of this Agreement. During this period, you must continue to operate your Franchise Business in accordance with the terms of this Agreement.

SECTION 16.3 REINSTATEMENTS AND EXTENSIONS

If any termination or expiration of the Initial Term would violate any applicable law, we may reinstate or extend the Initial Term to comply with the law for the duration provided by us in a written notice to you, without waiving any of our rights under this Agreement or otherwise modifying this Agreement.

ARTICLE 17 - DISPUTE RESOLUTION

This is a long-term business relationship. If a dispute arises at any time between the parties relating to this Agreement, the parties will follow the dispute resolution procedures set forth in this ARTICLE.

SECTION 17.1 INFORMAL DISPUTE RESOLUTION

Except for the matters involving the remedies in Section 17.3, the parties will attempt in good faith to meet in person to discuss and resolve the dispute. The party requesting the meeting will send a written notice to the other party detailing what the party believes to be the nature of the dispute including the facts and the provisions in this Agreement on which the dispute is based-and how the dispute may be satisfactorily resolved. The meeting will take place at our headquarters (currently Palm Desert, California). At the meeting, each party will be represented by a person authorized to conclusively resolve the dispute on that party's behalf and to bind that party to any agreed-upon resolution. Discussions and exchanges of information and materials, if any, are confidential and must be treated as part of compromise and settlement negotiations for purposes of applicable rules of evidence. If the parties resolve the dispute at the meeting, they will immediately formalize that resolution by an agreement that they both sign at the time. This step must occur before either party can file a request for mediation. Any party that fails to attend or participate in the meeting, within 30 days of written request, may not begin any mediation under Section 17.2 to resolve the dispute. If the parties cannot informally resolve the dispute, the party seeking formal resolution of the dispute must, before it may commence or initiate a legal or administrative proceeding relating to the dispute, submit the dispute to nonbinding mediation as described in Section 17.2.

SECTION 17.2 MEDIATION

Except for the matters involving the remedies in Section 17.3, if the parties have failed to informally resolve the dispute under Section 17.1, the dispute initiating party must submit the dispute to non-binding mediation with the other party before a mediator that is a member of the FORUM Arbitration, Mediation International ("FORUM") or another mutually agreeable mediator within 30 days after informal dispute resolution has concluded. Mediation must take place before the dispute initiating party can file any demand for arbitration or complaint. Both parties will sign a confidentiality agreement reasonably satisfactory to both parties. The parties will conduct the mediation in Riverside County, California. Each party will bear his, her or its own costs for the mediation and each party will pay 50% of Forum's fees and the mediator's fee. If a dispute initiating party refuses to mediate the dispute, the dispute initiating party cannot file any demand for arbitration or complaint involving the matter in dispute. If the other party refuses to mediate, the other party has waived mediation and the dispute initiating party may immediately file a demand for arbitration or a complaint.

SECTION 17.3 EXCEPTIONS TO MEDIATION; EQUITABLE RELIEF

(a) **<u>Exceptions</u>**. The obligations set forth in Sections 17.1 to 17.2 are not binding on either party for: (i) claims involving the Intellectual Property; (ii) claims involving any lease of real property between the parties or their related entities; (iii) your obligations upon the termination, transfer or expiration of this Agreement; (iv) any encumbrances or transfers restricted under this Agreement concerning interests in the Franchisee, the Franchise Business and this Agreement; (v) matters involving actions that may impair the goodwill associated with the Intellectual Property;

(vi) matters involving claims of danger, health or safety involving the Franchise, the employees, customers or the public; or (vii) requests for restraining orders, injunctions or other procedures in a court of competent jurisdiction to obtain specific performance when deemed necessary by any court to preserve the *status quo* or prevent irreparable injury pending resolution by mediation or arbitration of the actual dispute between the parties.

(b) **Injunction**. You recognize that your Franchise Business is just one of a large number of businesses identified by the Intellectual Property in selling to the public the products and services associated with the Intellectual Property. The failure on the part of a Franchisee to comply with the terms of the Franchise Agreement is likely to cause irreparable damage to us and damages at law would be an inadequate remedy. Upon your breach or threatened breach of any of the terms of this Agreement concerning any matters referenced in Subsection 17.3(a), we are entitled to seek an injunction restraining the breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining equitable relief. This equitable remedy is in addition to all remedies that we have by virtue of your breach of this Agreement. We are entitled to seek this relief without the posting of any bond or security or, if a bond is required by the temporary arbitrator appointed by Forum or a court of competent jurisdiction, the parties agree that the sum of $1,000 is a sufficient bond.

SECTION 17.4 VENUE AND JURISDICTION

(a) **Venue**. The parties irrevocably and unconditionally: (i) agree that any suit, action or legal proceeding involving your Franchise Business or this Agreement will be conducted in the county where our principal place of business is then located or may be brought in the District Court of the United States, in the district where our principal place of business is then located or, if this court lacks jurisdiction, the courts of record of the state and county where our principal place of business is then located; (ii) consent to the jurisdiction of each court in any suit, action or proceeding; (iii) waive any objection that he, she or it may have to the laying of venue of any suit, action or proceeding in any of these courts; and (iv) agree that service of any court paper may be effected on the party by mail at the last known address, as provided in this Agreement, or in any other manner as may be provided under applicable laws or court rules in the state where our principal place of business is then located. Our principal place of business is currently Riverside County, California.

(b) **Jurisdiction.** The parties specifically agree that this Agreement requires systematic and continuous contact with the State of California or where our principal place of business is located. These contacts include the payment of fees in State of California, the supplying of financial and other information into the State of California, training and orientation and the performance of other obligations under this Agreement in the State of California. This exclusive choice of jurisdiction does not preclude the bringing of any action by the parties for the enforcement in any other appropriate jurisdiction of any judgment obtained in the State of California.

SECTION 17.5 ENFORCEMENT COSTS

(a) **Informal Dispute Resolution and Mediation Costs**. Each party will bear its, his or her own costs in engaging in informal dispute resolution. Each party will bear its, his or her own costs in any mediation except the filing fee and the fees to the mediator will be shared equally by the parties.

(b) **Prevailing Party**. If any legal action is permitted and instituted under Sections 17.2 or 17.3, the Prevailing Party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding, in addition to any other relief that the party is entitled. Attorneys' fees include paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the Prevailing Party.

SECTION 17.6 GOVERNING LAW

All disputes between the parties are governed by the laws of the State of California including California's statutes of limitation.

SECTION 17.7 WAIVER OF PUNITIVE DAMAGES CLAIMS

THE PARTIES WAIVE ALL RIGHT TO ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT UPON A DISPUTE BETWEEN THEM, EACH IS LIMITED TO THE RECOVERY OF ACTUAL DAMAGES HE, SHE OR IT SUSTAINS.

SECTION 17.8 WAIVER OF JURY TRIAL

THE PARTIES WAIVE THE RIGHT TO A TRIAL BY JURY OF ALL CLAIMS MADE BETWEEN THEM WHETHER EXISTING NOW OR IN THE FUTURE, INCLUDING ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS INVOLVING THE SALE, NEGOTIATION, SIGNING OR PERFORMANCE OF THE TRANSACTIONS INVOLVING THIS AGREEMENT.

ARTICLE 18 - DEFINITIONS

SECTION 18.1 DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"**Advertising and Marketing Contributions**" means the payments described in Subsection 3.1(f).

"**Advertising Rebates"** means the funds we received from purchases from the Media Fund.

"Affiliate" means Live by Faith LLC, a California limited liability company, The Village Pup Palm Desert LLC a California limited liability company and any other Business Entity controlled by, controlling, or under common control with, us regardless of whether an Affiliate sells products or services to you or sells franchises in any line of business.

"**Agreement**" means this The Village Pup Franchise Agreement, as it may be amended, supplemented or otherwise modified by the parties under Section 19.1.

"**Agreement Date**" means the date set forth on page 1 of this Agreement.

"**Agreement Year**" means the annual periods beginning on the Agreement Date.

"**Anti-Terrorism Laws**" means Executive Order 13224, issued by the President of the United States, the USA PATRIOT Act, the U.S. Bank Secrecy Act, 31, U.S.C. Sec. 5318 *et seq.*, the Regulations promulgated by the U.S. Treasury, Office of Foreign Asset Control, the California Money Transmitters Code, Chapter 560 of the California Statutes and the Regulations promulgated thereunder, at 3C-560, California Administrative Code and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

"**Approved Supplier**" means a supplier of a particular product or service, possibly among several other suppliers, that we have approved.

"**Assets**" means all equipment, vehicles, furnishings, fixtures, signs, inventory (non-perishable products, materials and supplies), leasehold improvements and the lease for the Business Premises.

"**Business Associate**" means any of our officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees or other business contacts.

"**Business Entity**" means a corporation, limited liability company, general partnership, limited partnership or other Business Entity authorized or qualified by state law of the state in which it will own and operate the Franchise Business as the Franchisee.

"**Business Office**" means your office either at home or at the Business Premises.

"**Business Premises**" means the leased property located at ____________________ or to be determined and described in the Location Approval Addendum.

"**Business System**" means our business system including: distinctive sales and operating methods; special customer events; sources of supply; uniform standards; procedures for the management of the business and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the business; an Operation & Policies Manual; and bookkeeping and accounting methods and procedures for operating a Franchise Business; all of which we may change, improve and further develop.

"**Capital Expenditure Limitation**" means total capital expenditures we impose upon you under this Agreement every 5 years but not to exceed $75,000.

"**Company-Owned Unit**" means The Village Pup business operated under the Business System and owned by us or any Affiliate.

"**Competitive Business**" means a business engaged, wholly or partially, directly or indirectly, in the dog daycare and/or dog grooming and/or dog boarding and/or dog training or any other business in which we and our other franchisees are then engaged.

"**Computer and POS Systems**" means the computerized cash registers, printer and modem or other computer hardware you are must purchase in accordance with our specifications contained in the Operation & Policies Manual.

"**Confidential Information**" means information, formulas, ideas, discoveries, technical data, designs, devices, technology, know-how, research and development, inventions, methods, processes, and compositions, regardless of whether patentable, including customer letters; guest books; vendor lists and related information; the Operation & Policies Manual and other information made available to you containing confidential and proprietary information and our trade secrets; including information developed during the Initial Term or Renewal Term that derives independent economic value from being not generally known or readily ascertainable by other persons who could obtain economic value from its disclosure or use, yet, excluding information that is in the public domain.

"**Cooperative**" means the regional advertising cooperative described in Section 7.3.

"**Copyrights**" means original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device, including the Operation & Policies Manual, any marketing and advertising materials, forms, lists, schedules and other documents and materials in whatever form that we or our Affiliate assert copyright rights regardless of whether the copyrighted work has been registered with the Copyright Office of the United States Library of Congress.

"**Designated Representative**" means ________________________, the person you designate to act on your behalf as described in Subsection 4.5(b).

"**Designated Supplier**" means a supplier from whom you must purchase certain products or services for your Franchise Business.

"**Designee**" means our representative who is an independent contractor appointed by us to perform certain of our duties under this Agreement as described in ARTICLE 2.

"**Design Specifications**" means the specifications described in Section 2.3.

"Disabled" means the inability, due to physical or mental incapacity, to substantially perform duties and responsibilities under this Agreement with or without accommodation, for 180 days out of any 365-day period or 120 consecutive days.

"**DMA**" means a Designated Marketing Area, which is a geographic area defined by Nielsen Media Research Company as a group of counties that make up a particular television market. These counties comprise the major viewing audience for the television stations located in their particular metropolitan area. For the most part, the metropolitan areas correspond to the standard metropolitan statistical areas defined by the Federal Government Office of Management and Budget. The areas do not overlap, and every county in the United States belongs to only one DMA.

"**Electronic Payment System**" means the system created by you to make payments to us as described in Section 3.3.

"**Enforcement Costs**" means the costs described in Section 17.6.

"**Event of Default**" means a breach of this Agreement including those situations described in Sections 1.5(a), 1.5(b), 1.5(c), 3.6, 4.24, 6.4, 10.1, 10.2(a), 10.2(d), 11.2, 11.3 and 11.4, subject to any requirement for the giving of notice, the lapse of time, or both, or any other condition is satisfied.

"**Franchise**" means the rights granted to you under this Agreement.

"**Franchise Business**" means the dog daycare, grooming, boarding and dog training, and the sale of related products business we authorize you to establish and operate under the Business System and under the terms of this Agreement.

"**Franchise Disclosure Document**" or "**FDD**" means our current Franchise Disclosure Document and its Exhibits.

"**Franchisee**" means the individuals or Business Entity signing this Agreement.

"**Franchise Network**" means the group of Company-Owned Units and Franchise Units.

"**Franchise Owner**" means any individual that owns an equity interest in the Business Entity signing this Agreement as Franchisee.

"**Franchised Unit**" means a Franchise Business owned and operated under the Business System by a Franchisee.

"**Generally Accepted Accounting Principles**" means those standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. The generally accepted accounting principles are derived, in order of importance, from: (i) issuances from an authoritative body designated by the American Institute of Certified Public Accountants ("AICPA") Council; (ii) other AICPA issuances including AICPA Industry Guides; (iii) industry practice; and (iv) accounting literature in the form of books and articles.

"**General Manager**" means you unless you hire another person to act as the General Manager.

"**Gross Revenues**" means the entire amount of all of your revenues from the ownership or operation of your Franchise Business including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, or gift certificates (unless exempted by us) and the fair market value of any services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority (based on the cash method of accounting). We allow the deduction of cash refunded and credit given to customers and receivables uncollectible from customers in computing Gross Revenues to the extent that the cash, credit or receivables represent amounts previously included in Gross Revenues where Royalty Fees and Advertising and Marketing Contributions were paid. We deem that you have received Gross Revenues at the time the goods, products, merchandise or services from which Gross Revenues are derived are delivered or rendered, or at the time the relevant sale takes place, whichever occurs first.

"Guarantor" means the person, persons or Business Entity that signs a Guaranty of Developer's/Franchisee's Obligations as the Guarantor with us in the form attached as Exhibit J to the FDD for the purpose of guaranteeing to us and our Affiliates, and their respective successors and assigns, every obligation of the Franchisee to us and our Affiliates and their respective successors and assigns.

"**Initial Franchise Fee**" means the fee described in Subsection 3.1(a).

“**Initial Term**” means the term described in Section 16.1.

"**Initial Training**" means the training described in Subsection 2.9(a).

"**Intellectual Property**" means the Principal Trademark, other Trademarks, Copyrights, Trade Dress, Patent, and the Confidential Information we or our Affiliates own that you are entitled to use under this Agreement as described in ITEMS 13 and 14 of the FDD.

"**Latest Franchise Agreement**" means our then-current form of Franchise Agreement for new Franchisees at the time you elect to renew the franchise relationship in accordance with Section 16.2.

"**Limited Protected Territory**" means ____ as described in the Map.

"**Local Advertising and Marketing**" means (i) advertising, promotion and marketing you undertake in media directed primarily in your local market area including television, radio, newspapers, magazines, billboards, posters, handbills, direct mail, yellow pages, sports program booklet advertising, church bulletins, collateral promotional and novelty items (for example, matchbooks, pens and pencils, bumper stickers, calendars) that prominently display the Intellectual Property; (ii) advertising on public vehicles including cabs and buses; (iii) the cost of producing materials necessary to participate in these media; (iv) agency commissions on the production of the advertising; and (v) amounts paid to an approved regional advertising cooperative or to a merchant's association for advertising where you are a member. Local Advertising and Marketing does not include: (i) payments to the Media Fund; (ii) payments for permanent on-Business Premises signs: (iii) purchasing or maintaining vehicles even though the vehicles display in some manner the Intellectual Property (except the cost of the materials displayed are included); (iv) contributions or sponsorships (unless the Intellectual Property are prominently displayed by the group or activity receiving the contribution or sponsorship): (v) premium or similar offers including discounts, price reductions, special offers, free offers and sweepstake offers (except that the media costs associated with promoting the premium offers are included): (vi) employee incentive programs: and (viii) other similar payments that we may determine in our sole discretion should not be included in determining whether you have met your obligation for Local Advertising and Marketing.

“**Media Fund**” means the fund described in Section 7.5 into which Advertising and Marketing Contributions described in Subsection 3.1(c) will be deposited to purchase various advertising, marketing, and promotional materials.

“**Mystery Shopper Fee**” means the fee described in Subsection 4.20(b).

“**Non-Traditional Location**” means a location having customers within the facility, including: (i) limited purpose facilities (examples include airports, transportation centers, department stores, indoor malls and shopping centers, business and industrial complexes, museums, educational facilities, hospitals, and recreational parks); and (iii) limited access facilities (examples include military complexes, buyer club businesses, educational facilities, and business and industrial complexes).

“**Non-Traditional Unit**” means a Unit that operates at a Non-Traditional Location

"**Notice of Default**" means the notices described in Section 11.4.

"**Opening Date**" means: (i) the date your Franchise Business is first opened for business to the general public after being newly constructed; (ii) the date your Franchise Business is first opened for business to the general public as a Franchise Business after being converted to a Franchise Business from another dog services concept where the business was shut down during the conversion period; or (iii) the Agreement Date where the existing dog services business is being converted to a Franchise Business without the operation being shut down, whichever is applicable.

"**Operation & Policies Manual**" means all manuals produced by, or for the benefit of, us and loaned to you and any revisions prepared for your internal use involving the operation and management of the Franchise Business. The Operation & Policies Manual may comprise printed text, computer disks, other electronically stored media, and DVDs.

"**Unit**" means either a Company-Owned Unit or a Franchised Unit.

"**POS Systems**" means the KennelLink and Clover POS Systems.

"**Prevailing Party**" means a person that successfully brings or defends an action and, as a result, receives a favorable award or judgment.

"**Principal Trademark**" means "The Village Pup®" the name under which every Unit does business.

"**Renewal Franchise Agreement**" means our then-current form of Franchise Agreement for new Franchisees at the time you elect to renew the franchise relationship in accordance with Section 16.2.

"**Renewal Term**" means the term of the Latest Franchise Agreement signed at the time the parties renew the franchise relationship.

"**Reserved Area**" means the area where you will undertake your Location selection process to submit proposed Locations for our approval in accordance with our Location approval process. The Reserved Area will be ______________________________________ or has been described in the Deposit Agreement but excluding any limited protected territory of a Company-Owned Unit or another Franchised Unit within the Franchise Network who already has a Franchise Business under construction or in operation in the Reserved Area.

"**Royalty Fee**" means the fee described in Subsection 3.1(b).

"**Secured Assets**" means (a) all of your accounts receivable arising out of, or in connection with, the operation of the Franchise Business existing as of the date of this Agreement and which came into existence during the Initial Term, including notes, negotiable instruments and contracts (the "Accounts Receivable"); (b) all books and records pertaining to the Accounts Receivable; (c) all Assets; and (d) all proceeds upon sale or other disposition of any of property.

"**Secured Obligations**" means the obligations referred to in Subsection 3.6(a).

"**Trade Dress**" means the Franchise Business design and image we developed and own for the Franchise Business as it may be revised and developed by us.

"**Trademarks**" means the service mark and logo "The Village Pup®" and all other trademarks, service marks, trade names, logos and commercial symbols authorized by us as part of the Business System.

"**Trainees**" mean the persons approved by us who attend Initial Training.

"**Transfer Fee**" means the fee described in Subsection 3.1(g).

"**Unique Consideration**" means the consideration described in Subsection 10.5(c).

"**Website**" means www.thevillagepup.net and www.thevillagepup.com.

"**You**" or "**Your**" means the person, persons or Business Entity that signs this Agreement as the Franchisee.

"**Your Home Page**" means the page we allow on our Website describing your Franchise Business.

SECTION 18.2 OTHER DEFINITIONAL PROVISIONS

(a) **Defined Meaning**. All of the words or terms defined in this Agreement have these defined meanings when used in other documents issued under or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) **Person**. The term "**person**" includes any Business Entity, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

ARTICLE 19 - GENERAL PROVISIONS

SECTION 19.1 AMENDMENTS

Except as stated in this Agreement including Sections 19.2 and 19.6, a party cannot amend, supplement or change the provisions of this Agreement except by an Amendment to Franchise Agreement signed by the parties. Only our Managers have the authority to sign an Amendment to Franchise Agreement on our behalf.

SECTION 19.2 MODIFICATION OF THE SYSTEM

YOU AGREE THAT AFTER THE AGREEMENT DATE WE MAY MODIFY THE SYSTEM UNDER THE TERMS OF THIS AGREEMENT. YOU AGREE TO ABIDE BY ANY MODIFICATIONS IN THE SYSTEM AS IF THEY WERE PART OF THIS AGREEMENT AT THE TIME THE PARTIES SIGNED THIS AGREEMENT. YOU WILL MAKE ALL EXPENDITURES AND MODIFICATIONS OF THE SYSTEM, AS WE REQUIRE SUBJECT TO THE CAPITAL EXPENDITURE LIMITATION.

SECTION 19.3 BINDING EFFECT

The provisions of this Agreement binds, benefits and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

SECTION 19.4 COMMUNICATIONS AND NOTICES

(a) **E-Mails**. All electronic business correspondence by you, your Franchise Owners, the Designated Representative or a General Manager must be conducted through an approved [name@thevillagepup.net] e-mail address. This will be the sole e-mail address on your business cards, stationery, etc.

(b) **Other Writings**. All notices, requests, consents and other written communications required or permitted under this Agreement should be given by e-mail to the e-mail address below or to another e-mail address that one party provides to the other party except for those matters specifically required to be sent USPS, FedEx or UPS addressed to:

If to us:	**With a copy to:**
The Village Pup Franchising, LLC 42620 Caroline Court, Suite 103 Palm Desert, CA 92211 Khaled Habash, Manager k@pupemail.com	Keith J. Kanouse, Esquire Kanouse & Walker, P.A. 6879 Giralda Circle Boca Raton, FL 33433 Keith@Kanouse.com
If to you:	**With a copy to:**
________________ ________________ ________________ Attn: ____________ ______@pupemail.com	________________ ________________ ________________ ________________ _______@______com

or to any other address a party designates by notice to the other party complying with the terms of this Section. The receiving party will send an e-mail to the sending party acknowledging of receipt of the e-mail and any attachments. The parties agree that each notice is deemed delivered on the date delivered by USPS, FedEx or UPS.

SECTION 19.5 HEADINGS

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and will not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

SECTION 19.6 SEVERABILITY

(a) **Prohibited Provision**. If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) **Prohibited Term**. If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

SECTION 19.7 WAIVERS

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

SECTION 19.8 REMEDIES CUMULATIVE

Except as otherwise stated in this Agreement, no remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

SECTION 19.9 EFFECTIVENESS; COUNTERPARTS

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our corporate headquarters in Palm Desert, California and ours Managers signs this Agreement. We advise you not to incur any expenses for opening your Franchise Business until you have received a final signed copy of this Agreement. The parties may sign this Agreement in counterparts, each of which is a duplicate original, but together are the same instrument. Confirmation of signing by sending the signature page by telecopy or e-mail binds any party to the confirmation.

SECTION 19.10 SURVIVAL

The parties' obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force after the transfer, expiration or termination of this Agreement until they are satisfied or by their nature expire.

SECTION 19.11 FORCE MAJEURE

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, terrorism, strikes, natural disaster, pandemics or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

SECTION 19.12 THIRD PARTIES

Except as provided in this Agreement to the contrary for other Franchisees, nothing in this Agreement, whether express or implied, confers any rights or remedies under this Agreement on any person (including other Franchisees) other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Except as provided in this Agreement to the contrary for any Designee, nothing in this Agreement relieves or discharges the obligation or liability of any third person to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

SECTION 19.13 INTERPRETATION

Each of the parties agree that he, she or it has or has had the opportunity to be represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other documents be construed against us.

SECTION 19.14 ENTIRE AGREEMENT

This Agreement and all other written agreements involving this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject matter of this Agreement and supersede all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not contained in this Agreement or all other written agreements concerning this Agreement and expressly referenced in this Agreement, are of any effect. Nothing in this Agreement or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

SECTION 19.15 ELECTRONIC SIGNATURES

The parties agree that this Agreement and related documents may be signed electronically through DocuSign. A PDF of this Agreement signed by the parties is a valid and enforceable contract.

The parties have duly signed this Agreement.

WE, US, or OUR (Franchisor):

The Village Pup Franchising, LLC

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

YOU or YOUR (Franchisee):

By: ____

EXHIBIT A – MAP OF LIMITED PROTECTED TERRITORY

EXHIBIT E – APPROVED LOCATION ADDENDUM TO FRANCHISE AGREEMENT

3/31/22

APPROVED LOCATION ADDENDUM TO THE VILLAGE PUP FRANCHISE AGREEMENT

THIS APPROVED LOCATION ADDENDUM is signed on __________, 2022 between The Village Pup Franchising, LLC ("we, "us" or "our") and ________________________________ ("you" or "your").

BACKGROUND

A. The parties have signed The Village Pup Franchise Agreement dated ________________, 2022 (the "Franchise Agreement") before you selected a location that we had approved for the Franchise Business.

B. You have now selected a location that we have approved and, under Section 1.2 of the Franchise Agreement, the parties are entering into this Addendum.

The parties agree as follows:

TERMS

1. You agree that you will operate the Franchise Business only at ______________________ (the "Premises").

2. Your Limited Protected Territory is ____________________ as further described on the attached Map.

3. Upon any inconsistency between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum supersede and control. In all other respects, the parties ratify and confirm the terms of the Franchise Agreement.

IN WITNESS WHEREOF, the parties have signed this Addendum.

WE, US, or OUR (Franchisor):

The Village Pup Franchising, LLC

By: ____________________________
Khaled Habash, Manager

By: ____________________________
Tammy Jenz, Manager

YOU or YOUR (Franchisee):

____

EXHIBIT A – MAP OF LIMITED PROTECTED TERRITORY

EXHIBIT F – CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

CONVERSION ADDENDUM TO THE VILLAGE PUP FRANCHISE AGREEMENT

THIS CONVERSION ADDENDUM is signed on ______________, 2022 between The Village Pup Franchising, LLC, a California limited liability company ("we, "us" or "our") and __________________________ ("you" or "your").

BACKGROUND

A. You currently own and operate a ___________ (the "Operating Unit") located at ___________ (the "Premises").

B. We are the franchisor of The Village Pup Franchises and you desire to purchase franchise rights from us and convert the Operating Unit into a The Village Pup Franchise (the "Franchise Business").

C. The parties are entering into the Franchise Agreement (the "Agreement") at the same time as this Addendum and agree to amend certain terms of the Agreement to reflect the conversion of the Operating Unit into a Franchise Business in accordance with the terms of this Conversion Addendum.

The parties agree as follows:

TERMS

1. Sections 2.1, 2.2 and 4.1 of the Agreement are deleted.

2. Before signing the Agreement and this Addendum, you furnished to us as part of your application for a Franchise Business, information regarding your existing Premises including a copy of the lease, a written description of the site, exterior and interior photographs of the Premises, plans and specifications, and such other information we reasonably require. You also have obtained the written consent of your landlord for the conversion including any required construction, renovation, refurbishing, décor changers, new signage and variance from the use clause of the lease and our Agreement with Landlord.

3. After the parties sign the Agreement and this Addendum, we will furnish you with our requirements for the conversion of the Operating Unit to a Franchise Business including any required construction, renovation and refurbishing to conform to our Trade Dress of a Franchise Business in accordance with Sections 4.2 and 4.3 of the Agreement. As part of the conversion process, you agree to sell, remove or otherwise dispose of all inventory, materials, furniture, fixtures, signs and equipment that do not conform with the Business System, are not approved by us or do not meet our standards and specifications.

4. Upon signing the Franchise Agreement and this Conversion Addendum to Franchise Agreement, you will take the necessary steps to cancel all current advertising for the business that is now being conducted at the Operating Unit location, and you will not renew any of the former advertisements or telephone listings in any directory for the Operating Unit.

5. You will convert all of your books, accounts, ledgers, bookkeeping systems and related records and systems to comply in format and content with our standards and specifications as set forth in the Agreement and the Operation & Policies Manual. You must also modify or replace you existing Computer/POS systems and/or software as required to comply with our specification for Franchise Businesses.

6. You acknowledge that, notwithstanding the fact that you operated a business similar to a Franchise Business, you are subject to all of the terms of the Agreement including the confidentiality and non-competition provisions and our ownership of the Confidential Information.

7. You represent and warrant to us as follows:

(a) You are the sole owner of the Operating Unit;

(b) You do not operate any other business, other than the Operating Unit, that is in competition with our business that would be in violation of Subsection 13.1(a) of the Agreement;

(c) You and the Operating Unit are not subject to any other franchise, license, loan or other agreement that restricts you from entering into the Agreement and this Addendum; and

(d) The assets comprising the Operating Unit are not subject to any lien, security interest, judgments or other encumbrance.

(e) There are no lawsuits or other significant events against the Operating Unit or you that may affect our reputation.

8. Upon any inconsistency between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum supersede and control. In all other respects, the parties ratify and confirm the terms of the Agreement.

IN WITNESS WHEREOF, the parties have signed this Addendum.

WE, US, or OUR (Franchisor):

The Village Pup Franchising, LLC

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

YOU or YOUR (Franchisee):

____

EXHIBIT G - AREA DEVELOPMENT AGREEMENT

3/31/22

THE VILLAGE PUP DEVELOPMENT AGREEMENT

between

The Village Pup Franchising, LLC
a California limited liability company

(Franchisor)

and

____
a ________ limited liability company

(Developer)

Dated:____________, 2022

Number of Franchised Units: __

Development Area: ___________

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EXHIBIT A – MAP OF DEVELOPMENT AREA

THE VILLAGE PUP AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT is signed on _______________, 2022 between The Village Pup Franchising, LLC, a California limited liability company (the "Franchisor") and ________________________________ (the "Developer").

The Franchisor has written this Agreement in plain English to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that the Agreement covers before you sign it. In this Agreement, the Franchisor is referred to as "we," "us" or "our." The Developer is referred to as "you" or "your." All capitalized terms are defined in ARTICLE 9.

BACKGROUND

A. Our affiliate, Live by Faith, LLC, a California limited liability company ("Live by Faith"), has developed and owns a business that offers dog daycare, boarding and grooming operating under the trade name "The Village Pup® (the "Principal Trademark").

B. The distinguishing proprietary characteristics of the business include: distinctive sales and operating methods; sources of supply; uniform standards; procedures for the management of the business and customer service; advertising and promotional materials and programs; assistance and training in the operation, management and promotion of the business; an Operation & Policies Manual; and bookkeeping and accounting methods and procedures; all of which we may change, improve and further develop (collectively, the "Business System").

C. The Principal Trademark, other Marks and Business System are owned by Live by Faith. We have a License Agreement with Live by Faith granting to us the right to sublicense the Principal Trademark and other Marks to you. We also grant to you the right to use the Business System to own and operate a The Village Pup Franchise Business. You understand that Live by Faith does not have any liability to you for our performance under the terms of this Agreement.

D. You recognize the benefits of receiving rights from us to develop up to __ Franchise Businesses in a given area (the "Development Area") each operating under a Franchise Agreement with us (the "Area Development Rights").

E. We have reviewed your application and have decided to award Area Development Rights to you under the terms of this Agreement.

F. We agree not to offer Area Development Rights and Franchises with anyone other than you within the Development Area, except as provided in this Agreement.

G. You are simultaneously entering into a Franchise Agreement for your first Franchise Business (in the form included in Exhibit C to our Franchise Disclosure Document).

The parties agree as follows:

TERMS

ARTICLE 1 - APPOINTMENT OF THE DEVELOPER

SECTION 1.1 GRANT OF AREA DEVELOPMENT RIGHTS

We grant to you the Area Development Rights, and you undertake the obligation to, construct, open and operate up to __ Franchise Businesses within the Development Area in accordance with the Development Schedule stated in Section 1.3 and subject to the terms in this Agreement.

SECTION 1.3 DEVELOPMENT AREA

(a) **Description of Development Area**. The Development Area is described in the Map attached as Exhibit A.

(b) **No Exclusivity**. We do not grant to you exclusive rights within the Development Area. We grant you the right to construct open and operate Franchise Businesses within the Development Area pursuant to a Development Schedule under which you must open __ Franchise Businesses within a specified time.

(c) **Option to Purchase**. If we determine that it is necessary to locate a Company-Owned Unit or Franchise Unit in the Development Area to prevent a Competitive Business from being located in the Development Area, we will give you written notice of this determination and advise you of the proposed location of the proposed Unit. For 30 days after the date of the notice, you have the sole option to purchase a Franchise Business for the location; provided you are not ineligible to operate the Franchise Unit at the proposed location due to, for example, governmental requirements or restrictions. If you fail to exercise this option timely, we have the right to open a Company-Owned Unit or grant a Franchise Unit at that location without any liability to you.

(d) **Right of First Refusal**. If we find a Non-Traditional Location within your Limited Protected Territory and you are otherwise qualified by the owner/landlord of the Non-Traditional Location, we will offer you a 30-day right of first refusal to own and operate The Village Pup Franchise at the Non-Traditional Location.

(e) **Limited Protected Territories**. We will grant each Franchise Unit you open within the Development Area a Limited Protected Territory to be described in the Franchise Agreement. For the perimeter of the Development Area, you agree not to select a site that is within the limited protected territory of a Company-Owned Unit or Franchised Unit that is operating or under construction.

SECTION 1.3 DEVELOPMENT SCHEDULE

(a) **Development Schedule**. You will construct, open and operate __ Franchise Businesses located within the Development Area in accordance with the following Development Schedule:

Year	Number of Franchised Businesses to be Open in Each Year*	Total Franchised Businesses
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____

(b) **Additional Franchised Units**. You agree that the Development Schedule is fixed upon signing this Agreement. You may not open additional Franchise Businesses in excess of the number of Franchise Businesses listed above except upon:

(i) our consent that may be withheld in our complete discretion;

(ii) your payment of the Initial Franchise Fee and the other fees we are then charging to new Franchisees; and

(iii) your signing of our then-current form of Franchise Agreement.

(c) **No Subfranchise Rights**. You have no authority to, and will not, subfranchise or sublicense your rights under this Agreement to any person.

(d) **Individual Business Entities**. You may form individual business entities to own and operate 1 or more of the Franchise Businesses that you develop, but you must own at least 51% of the voting equity interests in each business entity.

SECTION 1.4 MINIMUM DEVELOPMENT PERFORMANCE

You will submit to us Franchise Applications for each Franchise Business stating the specific site for which a proposed Franchise Business will be located before the time that you acquire any interest in the site. You agree to enter into Franchise Agreements based on our then-current form of Franchise Agreement and open in the Development Area the number of Franchise Businesses listed in Section 1.2 on or before the times indicated. If we terminate a Franchise Agreement, we will deduct that Franchise Business from the number of Operating Franchise Businesses and a new Franchise Business must replace it within the time established by the Development Schedule. A Franchise Business remains credited against the Development Schedule if relocated in accordance with Section 1.5 of the Franchise Agreement.

SECTION 1.5 TIME OF THE ESSENCE

Time is of the essence for your obligations under this Agreement.

ARTICLE 2 - OUR DUTIES

We will provide you with the following assistance and services as necessary for the development and operation of the Franchise Businesses if you are not in default under this Agreement:

SECTION 2.1 SERVICES AND SUPPORT

We will provide you the services and continual support for each Franchise Business as stated in ARTICLE 2 of each Franchise Agreement.

SECTION 2.2 DUTIES SOLELY TO YOU

All of our obligations under this Agreement are solely to you. No other party is entitled to rely on, enforce, or obtain relief for breach of these obligations directly or by subrogation.

SECTION 2.3 OUR RIGHT TO DELEGATE DUTIES

You agree to our right to delegate any of our duties under this Agreement to a Designee. You must discharge your duties with any Designee to the extent we request in the same manner that you must do so with us.

ARTICLE 3 - FEES AND TERM

SECTION 3.1 DEVELOPMENT FEE

In consideration of the rights granted to you, you will pay to us a Development Fee of $______ at the same time this Agreement is signed. The Development Fee is nonrefundable and we fully earn it upon signing this Agreement. When you sign the Franchise Agreement for a Franchise Business after the first Franchise Agreement, we will give you a credit of $17,500 against the Initial Franchise Fee.

SECTION 3.2 TERM

The Term of this Agreement is the earlier of: the date when we approve the site for your __ Franchised Unit or (ii) __________________, 202__, unless otherwise sooner terminated due to default.

ARTICLE 4 - YOUR DUTIES

SECTION 4.1 ACHIEVEMENT OF DEVELOPMENT SCHEDULE

You will use your best efforts to confine your activities exclusively to constructing, opening and operating the Franchise Businesses contemplated under this Agreement in order to achieve the Development Schedule. You will maintain sufficient financial resources to construct, open and operate the Franchise Businesses. If you fail to achieve the Development Schedule, we have the right to terminate this Agreement and retain the entire Development Fee. If we terminate this Agreement for your failure to meet the Development Schedule, we may immediately grant other individuals and entities the right to develop and open Franchise Businesses in the Development Area, or ourselves open Company-Owned Units in the Development Area. You will retain all rights under the Franchise Agreements for the Franchise Businesses you have under lease, construction or in operation, provided you are not otherwise in default under the Franchise Agreements.

SECTION 4.2 REPORTS

You agree to maintain and preserve accurate records for the development and operation of the Franchise Businesses at your principal office. These records and information must include site reports, leases for the Franchise Businesses, supervisory reports on the operation of the Franchise Businesses, records reflecting your financial condition and all other records and reports required under the Franchise Agreements.

SECTION 4.3 COMPLIANCE WITH FRANCHISE AGREEMENTS

You will sign a Franchise Agreement for the first Franchise Business at the same time you sign this Agreement and comply with the duties stated in this ARTICLE. You will develop, institute and maintain all management system, procedures and personnel, as we require, assuring your efficient operation of each of the Franchise Businesses.

ARTICLE 5 - TRANSFER OF INTEREST

SECTION 5.1 TRANSFER BY US

We have the absolute right to transfer, assign or delegate all or any part of our rights or obligations under this Agreement to any person without your consent.

SECTION 5.2 TRANSFER BY YOU

The rights and duties in this Agreement are personal to you. We have granted this Agreement in reliance on your business and personal skills, reputation, aptitudes and financial capacity. Accordingly, you agree that you cannot sell, assign, transfer, convey, give or encumbered (collectively "transfer") this Agreement without our written consent (which may be granted or withheld by us in our sole and absolute discretion). The transfer of Area Development Rights under this Agreement must include all signed Franchise Agreements, unless we otherwise agree in writing. You may transfer this Agreement to a business entity owned by you but you continue to remain personally liable for all of your obligations under this Agreement. If you intend to transfer this Agreement as part of your sale of all of the assets comprising your Franchise Businesses under construction or in operation, we will consent to the transfer provided you comply with your obligations under Subsection 10.2(g) of the Franchise Agreements and pay us a $10,000 transfer fee. Any purported transfer by you, by operation of law or otherwise in violation of this Agreement is ineffective and is a material breach of this Agreement giving us the right to terminate this Agreement without affording you an opportunity to cure.

ARTICLE 6 - DEFAULT AND TERMINATION

SECTION 6.1 TERMINATION BY YOU

If you have substantially complied with this Agreement and we materially breach this Agreement, you may give us written notice of the nature of the breach. If we do not cure the breach within 30 days or within a longer period, if the nature of the breach is such that we cannot cure within 30 days, you have the right to terminate this Agreement. You may also terminate this Agreement upon mutual written agreement with us. Any termination of this Agreement by you other than as stated above is a wrongful termination by you.

SECTION 6.2 TERMINATION BY US WITH NOTICE

If we terminate any Franchise Agreement between the parties due to your default, after we have given you written notice of default if notice is required, and afforded you an opportunity to cure if you have a right to cure, we may terminate this Agreement by giving you written notice of termination.

SECTION 6.3 TERMINATION BY US WITH NOTICE AND OPPORTUNITY TO CURE

You have 30 days or any longer period as applicable law may require, after we deliver you a written notice of default to cure any default under this Agreement and provide evidence of cure satisfactory to us. If you fail to cure timely any curable default, we have the right to terminate this Agreement effective upon your receipt of our written notice of termination. You have the burden of proving you have timely cured any default, to the extent it is a curable default under this Agreement.

SECTION 6.4 EFFECT OF TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all your Area Development Rights cease. We are then free to open Company-Owned Units or grant The Village Pup Franchises to others within your former Development Area but outside any Exclusive Territories granted to you under Franchise Agreements for Franchised Units you are currently operating or are under construction, provided you are not in otherwise in default under any Franchise Agreement.

ARTICLE 7 - DEFINITIONS

SECTION 7.1 DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"**Agreement**" means this The Village Pup Development Agreement, as it may be amended, supplemented or otherwise modified by a written agreement the parties sign.

"**Agreement Date**" means the date set forth on page 1 of this Agreement.

"**Area Development Rights**" mean the rights granted to you under ARTICLE 1 to construct and operate __ Franchise Businesses in the Development Area under the terms of this Agreement and the Franchise Agreements.

"**Company-Owned Unit**" means a The Village Pup business operating pursuant to the Business System owned by us or by any affiliate.

"**Designee**" means one or more of our representatives who are independent contractors that we appoint to perform certain of our duties under this Agreement as described in ARTICLE 2.

"**Development Area**" means ______________________.

"**Development Fee**" means the fee described in Section 3.1.

"**Development Schedule**" means the number of Franchise Businesses to be developed and the period in which to open the Franchise Businesses as stated in Section 1.3.

"**Franchise Agreement**" means the form of The Village Pup Franchise Agreement we are offering to new franchisees, the current form of which is included in Exhibit C to the Franchise Disclosure Document.

"**Franchise Business**" means The Village Pup Franchise we authorize you to establish and operate under a Franchise Agreement.

"**Franchise Disclosure Document**" or "**FDD**" means our current Franchise Disclosure Document and all Exhibits.

"**Term**" means the term of the Agreement described in Section 3.2.

"**Unit**" means a Franchise Business owned and operated by a Franchise or by us or an affiliate.

SECTION 7.2 OTHER DEFINITIONAL PROVISIONS

(a) **Same Meanings**. All of the terms defined in this Agreement have these defined meanings when used in other documents issued under, or delivered under this Agreement unless the context otherwise requires or unless specifically otherwise defined in the other document; and

(b) **Person**. The term "person" includes any limited liability company, partnership, estate, trust, association, branch, bureau, subdivision, venture, associated group, individual, government, institution, instrumentality and other entity, enterprise, association or endeavor of every kind.

ARTICLE 8 - GENERAL PROVISIONS

SECTION 8.1 DISPUTE RESOLUTION

The parties incorporate the dispute resolution provisions contained in ARTICLE 17 of the Franchise Agreement into this Agreement.

SECTION 8.2 AMENDMENTS

The parties may only amend, supplement or change the provisions of this Agreement by an Amendment to Area Development Agreement signed by the parties except: (a) we may change the contents of the Operating Manual; (b) we may modify the Business System; and (c) a court may modify any provision of the Development Agreement in accordance with applicable law. Only our Managers have the authority to sign an Amendment to the Area Development Agreement on our behalf.

SECTION 8.3 BINDING EFFECT

The provisions of this Agreement bind, benefit and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

SECTION 8.4 NOTICES AND COMMUNICATIONS

All notices, requests, consents and other written communications required or permitted under this Agreement must be in writing and sent by e-mail to the e-mail addresses set forth below:

If to us:	**With a copy to:**
The Village Pup Franchising, LLC 42620 Caroline Court, Suite 103 Palm Desert, CA 92211 Khaled Habash, Manager k@pupemail.com	Keith J. Kanouse, Esquire Kanouse & Walker, P.A. 6879 Giralda Circle Boca Raton, FL 33433 Keith@Kanouse.com
If to you:	**With a copy to:**
______________________ ______________________ ______________________ Attn: __________________	__________________________ __________________________ __________________________ __________________________

or to any other e-mail address any party designates by notice to the other parties. The parties agree to confirm receipt of each e-mail notice from another party.

SECTION 8.5 HEADINGS

The headings and subheadings in this Agreement are for convenience of reference only, are not to be considered a part of this Agreement and do not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

SECTION 8.6 SEVERABILITY

(a) If any provision of this Agreement or any other agreement entered into under this Agreement is contrary to, prohibited by or invalid under applicable law or regulation, that term only will be inapplicable and omitted to the extent so contrary, prohibited or invalid. The parties agree that the remainder of this Agreement continues in full effect so far as possible. If any provision of this Agreement can be construed in more than one way, one that renders the term invalid or otherwise voidable or unenforceable, and another that renders the term valid and enforceable, that provision has the meaning that renders it valid and enforceable.

(b) If a law of any applicable jurisdiction requires us to give a greater notice of the termination of or non-renewal of this Agreement (if permitted) than is required under this Agreement, or requires us to take of some other action not required under this Agreement, or if under a law of any applicable jurisdiction, any term of this Agreement or any of our requirements is invalid or unenforceable, the notice and/or other action required by that law will be substituted for the comparable provisions of this Agreement. We have the right, in our sole discretion, to modify any invalid or unenforceable requirement to the extent to make it valid and enforceable. Any modification to this Agreement will be effective only in that jurisdiction, unless we elect to give the modification greater applicability, and this Agreement is enforceable as originally entered into by the parties in all other jurisdictions.

SECTION 8.7 WAIVERS

The failure or delay of a party to require performance by another party of any term of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right or remedy under this Agreement. Any waiver by any party of a breach of any term of this Agreement is not a waiver of any continuing or later breach of that term, a waiver of the term itself, or a waiver of any right or remedy under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

SECTION 8.8 REMEDIES CUMULATIVE

Except as otherwise stated in this Agreement, no remedy afforded a party in this Agreement is exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy, now or later existing, at law, in equity, by statute or otherwise. No single or partial exercise by any party of any right or remedy under this Agreement precludes any other exercise of any other right or remedy.

SECTION 8.9 EFFECTIVENESS; COUNTERPARTS

This Agreement is not effective or binding and enforceable against us until we accept this Agreement at our home office in Palm Desert, California and our Managers sign this Agreement. The parties may sign this Agreement in counterparts, each of which is a duplicate original, but together are the same document. Confirmation of signing by sending a PDF version of the signature page by e-mail binds the party to the confirmation.

SECTION 8.10 INTERPRETATION

Each of the parties agree that he, she or it had the opportunity to have been represented by its own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. You will not, while this Agreement is effective or after its termination or expiration, claim or assert that any term of this Agreement or any of the other document be construed against us.

SECTION 8.11 ENTIRE AGREEMENT

This Agreement represents the entire understanding and agreement between the parties on the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations, if any, made between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement are of any effect. Nothing in the Agreement disclaims the representations we made in the Franchise Disclosure Document and Exhibits that we furnished to you.

SECTION 8.12 SURVIVAL

All obligations of the parties that expressly or by their nature survive the expiration or termination of this Agreement, continue in full force and effect after its expiration or termination and until they are satisfied or by their nature expire.

SECTION 8.13 FORCE MAJEURE

Neither party is liable for loss or damage or is in breach of this Agreement, if the failure to perform his, her or its obligations is based solely from the following causes beyond his, her or its reasonable control: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy; (b) compliance with any applicable law; or (c) war, terrorism, strikes, natural disaster or acts of God. Any delay resulting from any of these causes extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

SECTION 8.14 THIRD PARTIES

Nothing in this Agreement, whether express or implied, confers any rights or remedies under or based on this Agreement on any person other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns. Nothing in this Agreement relieves or discharges the obligation or liability of any third persons to any party to this Agreement, nor does any provision give any third person any right of subrogation or action over or against any party to this Agreement.

IN WITNESS WHEREOF, the parties have duly signed and delivered this Agreement.

YOU or YOUR (Developer):

____

WE, US, or OUR (Franchisor):

The Village Pup Franchising, LLC

By: ____________________________
Khaled Habash, Manager

By: ____________________________
Tammy Jenz, Manager

EXHIBIT A – MAP OF DEVELOPMENT AREA

EXHIBIT H – STATE ADDENDA TO FRANCHISE AND AREA DEVELOPMENT AGREEMENTS

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

This California Addendum to Franchise Agreement is signed on __________, 2022 between The Village Pup Franchising, LLC ("we," "us" or "our") and__________________________ ("you" or "your") to amend the Franchise Agreement as follows:

1. **California Law**

The California Department of Financial Protection and Innovation requires that certain provisions contained in the Franchise Agreement be amended to be consistent with California law, including the California Franchise Investment Law. CAL. BUS. & PROF. CODE Section 31000 et seq. and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

(a) **Termination, Transfer and Non-Renewal**

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. The Federal Bankruptcy Code also provides rights to you concerning termination of the Franchise Agreement upon the occurrence of certain bankruptcy-related events. If the Franchise Agreement contains a provision that is inconsistent with these laws, these laws will control.

1. **Franchise Termination and Release Agreement**

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

(c) **Liquidated Damages**

If the Franchise Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damages clauses may be unenforceable.

(d) **Covenants Not to Compete**

If the Franchise Agreement contains a covenant not to compete that extends beyond the termination of the Franchise Agreement, the covenant may be unenforceable under California law.

(e) **Arbitration**

The Franchise Agreement requires binding arbitration. The arbitration will occur at Riverside County, California with the costs being born by the non-prevailing party.

2. **Alternate Channels of Distribution**

The Franchisor reserves the right to establish alternatives channels of distribution within the Franchisee's Limited Protected Exclusive Territory without compensation.

3. **No Waiver**

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement,whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The parties have signed and delivered this Addendum on the day and year first written.

WE, US, or OUR:

The Village Pup Franchising, LLC

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

YOU or YOUR:

____

CALIFORNIA ADDENDUM TO AREA DEVELOPMENT AGREEMENT

This California Addendum to Area Development Agreement is signed on __________, 2022 between The Village Pup Franchising, LLC ("we," "us" or "our") and__________________________ ("you" or "your") to amend the Area Development Agreement as follows:

1. **California Law**

The California Department of Financial Protection and Innovation requires that certain provisions contained in the Area Development Agreement be amended to be consistent with California law, including the California Franchise Investment Law. CAL. BUS. & PROF. CODE Section 31000 et seq. and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Area Development Agreement contains provisions that are inconsistent with the following, those provisions are amended as follows:

(a) **Termination, Transfer or Termination**

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of an Area Development Agreement. The Federal Bankruptcy Code also provides rights to you concerning termination of the Area Development Agreement upon the occurrence of certain bankruptcy-related events. If the Area Development Agreement contains a provision that is inconsistent with these laws, these laws will control.

(b) **Franchise Termination and Release Agreement**

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

(c) **Venue**

If the Area Development Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

(d) **Governing Law**

If the Area Development Agreement requires that it be governed by a state's law other than the State of California, the requirement may be unenforceable.

(e) **Arbitration**

The Area Development Agreement requires binding arbitration. The arbitration will occur at Riverside County, California with the costs being born by the non-prevailing party. Prospective developers are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (including Business and Professions Code Section 20040.5, Code of

Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an Area Development Agreement restricting venue to a forum outside the State of California.

2. <u>Alternate Channels of Distribution</u>

We reserve the right to establish alternatives channels of distribution within your Development Area without compensation.

IN WITNESS WHEREOF, the parties have signed and delivered this Addendum on the day and year first written.

WE, US, or OUR:

The Village Pup Franchising, LLC

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

YOU or YOUR:

____

EXHIBIT I – AUTHORIZATION AGREEMENT FOR CREDIT CARD AND DIRECT WITHDRAWALS

1/20/22

AUTHORIZATION AGREEMENT FOR CREDIT CARD AND DIRECT WITHDRAWALS (ACH DEBITS)

_______________, (the "Franchisee") authorizes The Village Pup Franchising, LLC (the "Franchisor") to use the below listed credit card to pay the Franchisee's monthly Royalty Fees, Technology Fees, KennelLink Fees, iDogCam Fees, Advertising Contributions, purchases from the Franchisor, interest, NSF charges or any other indebtedness of you to the Franchisor as outlined in the Franchise Agreement. It is understood and agreed that the Franchisee may terminate this Agreement at any time with written notice as outlined in the Franchise Agreement. Billing charges may appear on the Franchisee's credit card statement as "The Village Pup Franchising."

The Franchisee further authorizes the Franchisor to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any credit entries in error to the Franchisee's checking account at the depository financial institution described below (the "Depository") and to credit the same to the account. The Franchisee understands that the Franchisor will receive notification of debits to the Franchisee's account by a direct fax number, the e-mail address listed below or otherwise by ordinary mail. The Franchisee agrees to reimburse the Franchisor for all costs or expenses it may incur if the Franchisee does not have sufficient funds in the checking account on the date of the scheduled debit or on any future attempted debit of that amount. The Franchisee understands that its failure to have necessary funds in the checking account on the scheduled due date is evidence of non-payment, and the Franchisor may proceed to take any action it deems necessary to collect a debt due to the Franchisee's failure to pay or to have sufficient funds on account for payment of the debt.

Name on Credit Card:_______________________________

Billing Address: ____

Billing City__________________________Billing State ________ Billing Zip Code ___________

Phone Number: (____) ____-_________

Credit Card (please circle):

Visa MasterCard AmEx Discover

Credit Card #: ____

Expiration Date:___________/________

Card CCN#:____________(Verification Number on Back of Card)

Signature:___________________________________ Date: ________________, 2022

Depository Name: ____________________________________

City ___________________ State __________________

Routing No. _____________ Account No. ____________

**Attach a voided check for verification.

The Franchisee understands that this is a continuing authorization for the Franchisor to initiate debit transactions to the account listed above. This authorization is to remain in full force and effect until the Franchisor has received written notification from the Franchisee of its termination in such time and in such manner as to afford the Franchisor and the Depository a reasonable opportunity to act on it.

Franchise Company Name: ____

Authorized Signer(s)

____________________________ or ____________________________

Signer 1 Signer 2

____________________________ ____________________________

Printed Name Printed Name

Date _______________, 2022 ` Fax No. ______________________

E-mail Address _________________________

EXHIBIT J – GUARANTY OF DEVELOPER'S/FRANCHISEE'S OBLIGATIONS

3/31/22

GUARANTY OF DEVELOPER'S/FRANCHISEE'S OBLIGATIONS

THIS GUARANTY OF DEVELOPER'S/FRANCHISEE'S OBLIGATIONS (this "Guaranty") is signed on _______________, 2022 by ___________________ (the "Guarantor") in favor of The Village Pup Franchising, LLC (the "Franchisor").

INTRODUCTION

A. The Franchisor is granting to ______________________ (the "Developer/Franchisee") The Village Pup Development Rights and the right to own and operate The Village Pup Franchises.

B. The Guarantor represents and warrants to the Franchisor that he will benefit by the grant to the Developer/Franchisee of the Area Development Rights and Franchises.

C. The Franchisor has declined to enter into The Village Pup Area Development Agreement and The Village Pup Franchise Agreements and other agreements (collectively, the "Agreements") with the Developer/Franchisee unless the Guarantor signs and delivers this Guaranty to the Franchisor.

TERMS

The Guarantor agrees for the benefit of the Franchisor and its affiliates as follows:

1. **Guaranteed Obligations.** THIS GUARANTY IS A CONTINUING, IRREVOCABLE, ABSOLUTE, AND UNCONDITIONAL GUARANTY. The Guarantor absolutely and unconditionally, guarantees to the Franchisor and its affiliates, and their respective successors and assigns, for the respective terms of the Agreements and thereafter as provided in the Agreements, that the Developer/Franchisee will punctually pay and perform every obligation stated in the Agreements and agrees to be personally bound by, and personally liable for the breach of, every term of the Agreements, together with charges, fees and all expenses including attorneys' fees and costs incurred in enforcing the terms of the Franchise Agreement or this Guaranty through litigation, arbitration, appellate, bankruptcy and post-judgment proceedings (the "Guaranteed Obligations").

2. **Incorporation of Terms.** The terms of the Agreements are incorporated in this Guaranty as if stated in full, including the covenants stated in ARTICLES 13 and 14 of the Franchise Agreement and the dispute resolutions provisions stated in ARTICLE 17 of the Franchise Agreement by which Guarantor agrees to be bound. The Guarantor has had an opportunity to read, and to receive advice by his counsel of, the terms of the Agreements and the Franchisor's Franchise Disclosure Document.

3. **Guaranty Absolute and Irrevocable.** The obligation of the Guarantor is absolute and unconditional irrespective of the validity or enforceability of any of the Agreements. This is an

irrevocable and continuing guaranty of payment and performance. This Guaranty covers and secures any amount at any time owing on the Guaranteed Obligations and remains in full effect until all Guaranteed Obligations have been satisfied and all amounts due have been paid in full to the Franchisor or its affiliates. The Guarantor waives the benefit of any circumstance, defense or statute of limitations affecting his liability that might otherwise discharge a guarantor or hinder prompt enforcement of this Guaranty. The Guarantor irrevocably waives any requirement that the Franchisor must proceed against or exhaust any collateral or security that the Franchisor may now hold or obtain for any of the Guaranteed Obligations before collecting from the Guarantor. The Franchisor is under no obligation to keep the Guarantor informed of the Developer/Franchisee's financial condition.

4. **Payment.** If the Developer/Franchisee fails to make any payment when due or otherwise defaults under the terms of any of the Guaranteed Obligations, the Guarantor will pay to the Franchisor immediately upon demand the full amount of the Guaranteed Obligations then due (by acceleration or otherwise), in immediately available funds. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of the Guarantor except the defense that the Developer/Franchisee has paid in full all Guaranteed Obligations.

5. **Enforcement.** In any proceeding under this Guaranty, the Franchisor may act against the Guarantor separately, or against 2 or more Guarantors jointly, or against some separately and some jointly. In any action or proceeding to enforce this Guaranty against the Guarantor, the Franchisor is not required to join the Developer/Franchisee, or any other Guarantor, unless it elects to do so in its sole discretion.

6. **Waiver.** The Guarantor irrevocably waives notice of the extension of any Guaranteed Obligation, or of the acceptance of this Guaranty, and protest, presentment, diligence, demand for payment, notice of default, nonpayment or dishonor of any Guaranteed Obligation, and any other notice except as expressly provided in this Guaranty.

7. **Consent to Certain Actions.** Without in any way affecting or impairing the liability of the Guarantor and, without notice to or additional consent from the Guarantor:

(a) the Guaranteed Obligations may be renewed, extended, modified (in time for payment or the terms of indebtedness or otherwise), compromised, settled, released or discharged by the Franchisor, whether by agreement with the Developer/Franchisee or under any insolvency, bankruptcy or similar proceeding;

(b) the Franchisor may assign, exchange, sell, release or surrender any security or collateral for the Guaranteed Obligations;

(c) the Franchisor may abstain from perfecting its security interest in any security or collateral, or from taking upon new security or collateral;

(c) the Franchisor may exercise or refrain from exercising any right against the Developer/Franchisee or any other person or entity;

(d) the Franchisor has sole discretion to apply any payments received from the Developer/Franchisee or any other guarantor to the Developer/Franchisee’s past due indebtedness including Royalty Fees, E-Mail/Home Page Fees, Advertising Contributions, purchases from the

Franchisor or its Affiliates, interest, NSF charges, or any other indebtedness of the Developer/Franchisee to the Franchisor, its affiliates, lessor, vendor, taxing authority or third party creditor, in any manner the Franchisor chooses regardless of the Developer/Franchisee's designation;

(e) the Franchisor may consent to or waive any breach of, or any act, omission or default of, the Guaranteed Obligations; and

(f) the Franchisor may agree to any amendment to or modification of, any of the Agreements, applicable to the Guaranteed Obligations.

The Franchisor has no duties to the Guarantor except as expressly provided in this Guaranty.

8. **Continuing Guarantee.** The guarantee of the Guarantor under this Guaranty continues to be effective, or is reinstated, as the case may be, if at any time any payment to the Franchisor of the Guaranteed Obligations is rescinded or must otherwise be returned for any reason, including the insolvency, bankruptcy or reorganization of the person or entity making the payment, all as though the payment had not been made.

9. **Successors and Assigns.** The Guarantor cannot delegate any of his obligations under this Guaranty. This Guaranty is binding upon the Guarantor's heirs, personal representatives, successors and assigns, and inures to the benefit of the Franchisor, its affiliates, and their respective successors and assigns. The Franchisor may at any time, without notice to the Guarantor, transfer or assign to any person or entity any of the Guaranteed Obligations, or any interest in the Guaranteed Obligations. In this event, the assignee or transferee of the Guaranteed Obligations, or any interest in the Guaranteed Obligations is, to the extent of its interest, is entitled to the benefits of this Guaranty to the same extent as if the assignee or transferee were the Franchisor.

10. **Representations and Warranties.** The Guarantor represents as follows:

(a) The Guarantor has the legal capacity to enter into, perform and deliver this Guaranty;

(b) This Guaranty is the legal, valid, binding and enforceable obligations of the Guarantor;

(c) There is no litigation or governmental proceeding pending or threatened against the Guarantor, nor has there occurred any event, nor does there exist any condition, on the basis of which any litigation or proceeding might be begun, which litigation or proceeding, if adversely determined, could have a material adverse effect on the respective properties, operations, assets, condition (financial, business, labor or otherwise) or prospects of the Guarantor; and

(d) The Guarantor has independent means of obtaining reports and financial information about the Developer/Franchisee. The Franchisor has no obligation, either before the signing of this Guaranty or any time thereafter, to notify the Guarantor concerning the Developer/Franchisee's financial condition or of any event or occurrence affecting the Developer/Franchisee's financial condition or business operation.

(e) Any financial statements previously delivered by the Guarantor to the Franchisor were true and correct in all respects as of the date delivered. At any time this Guaranty is in effect, Guarantor will, upon 7-days' prior written notice from the Franchisor, provide the Franchisor with a current personal financial statement and such other financial information as the Franchisor may reasonably request including copies of the Guarantor's filed federal and state income tax returns for the most recent taxable year. The Franchisor agrees to keep confidential and not use such financial statements and information, except in connection with the administration or enforcement of the Franchise Agreement or this Guaranty. The financial statements must be prepared in accordance with generally accepted accounting principles.

11. **Notices.** Any notice or demand required or permitted to be given under this Guaranty to the Guarantor must be in writing and must be either: (a) personally delivered; or (b) by FedEx or UPS to the following address for the Guarantor:

____

____

12. **Subordination and Subrogation.** Until the Guaranteed Obligations are paid in full, the Guarantor subordinates and assigns all direct or indirect claims and rights that he may have against the Developer/Franchisee, now existing or later arising, to all claims by the Franchisor for amounts owing from the Developer/Franchisee to the Franchisor or its affiliates for the Guaranteed Obligations.

13. **Miscellaneous.** This Guaranty contains the entire agreement of the Guarantor and is not subject to any oral conditions. Time is of the essence for the terms of this Guaranty. This Guaranty cannot be changed or modified orally. This Guaranty is deemed and treated as being drafted jointly by the Guarantor and the Franchisor. No term of this Guaranty is construed more strictly against the Guarantor or the Franchisor because the Franchisor, or its counsel, was responsible for the physical preparation of this Guaranty.

The Guarantor signed this Guaranty on the date stated above.

____

EXHIBIT K – AGREEMENT WITH LANDLORD

3/31/22

AGREEMENT WITH LANDLORD

THIS AGREEMENT is signed on ___________, 2022 among The Village Pup Franchising, LLC (the "Franchisor"); ______________________________ (the "Landlord") and _________________________ (the "Tenant/Franchisee").

BACKGROUND

A. The Tenant/Franchisee is a franchisee of the Franchisor under The Village Pup Franchise Agreement between the Franchisor and the Tenant/Franchisee dated _________________, 2022 (the "Franchise Agreement") for the operation of a The Village Pup Franchise (the "Franchise Business").

B. The Landlord and the Tenant/Franchisee are parties to a Lease Agreement dated _____________________, 2022 (the "Lease") for the premises located at ____________________ (the "Premises") that the Franchisor has approved on condition that all the parties sign this Agreement.

C. In order to assure that a Franchise Business may continue to operate at the Premises, the Landlord grants certain rights to the Franchisor under the Lease to protect the Franchisor's interest under the Franchise Agreement.

The parties agree as follows:

TERMS

1. **Signage.** The Landlord agrees to the Franchisor's signage requirements for the Tenant/Franchisee, subject to local signage ordinances and approval by local governmental agencies, if necessary.

2. **Use of Premises**. The Landlord and the Tenant/Franchisee agree that the Tenant/Franchisee may only use the Premises for the operation of the Franchised Business, unless the Franchisor otherwise approves in writing. The Landlord agrees that the Tenant/Franchisee may sell all products and/or provide all services that are part of the Franchisor's Business System now or hereafter changed. The Landlord acknowledges that this use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant of the Landlord in the building/center or adjacent outparcel owned by the Landlord in which the Premises are located. The Landlord further acknowledges that during the term of the Lease or any extension of the Lease, the Landlord will not lease space within the building/center or outparcel to a business similar to the Franchised Business, or permit an existing tenant to offer products that compete with the Franchised Business. Competitive business means any business that operates, or franchises or licenses others to operate, a business engaged, wholly or partially, directly or

indirectly, in the dog daycare and/or dog grooming and/or dog boarding and/or dog training or any other business in which we and our other franchisees are then engaged.

3. **Tenant Information; Notices of Default**. The Landlord will send to the Franchisor at the address set forth below by regular U.S. mail copies of all sales reports, financial information, correspondence and other communications sent by the Landlord to the Tenant/Franchisee or sent by the Tenant/Franchisee to the Landlord. The Landlord will overnight to the Franchisor at the address below by USPS, FedEx or UPS copies of all written notices of default sent by the Landlord to the Tenant/Franchisee. The Landlord acknowledges that the Franchisor is not responsible for any actions of the Tenant/Franchisee or any of its employees, agents, suppliers or customers.

The Village Pup Franchising, LLC
42620 Caroline Court, Suite 103
Palm Desert, CA 92211
Khaled Habash, Manager

4. **Right to Cure and Take Occupancy.**

(a) If the Tenant/Franchisee defaults under the Lease, the Franchisor may (but is under no obligation to), within 30 days after receipt of written notice from the Landlord, cure the default (or a longer period of time if the default is not capable of being cured within 30 days and the Franchisor is diligently proceeding to cure the default). If the Franchisor cures the Tenant/Franchisee's default, the Franchisor has the right to occupy the Premises and operate the Franchise Business. The Tenant/Franchisee is deemed to have assigned the Lease to the Franchisor, but the Tenant/Franchisee and any guarantors are not released from their obligations under the Lease. From and after the deemed assignment, the Franchisor will assume and perform all of the obligations of the Tenant/Franchisee under the Lease until the Franchisor is released in accordance with Subsection 4(b).

(b) The Franchisor may assign the Lease to another The Village Pup Franchisee with the Landlord's written approval of the new tenant/franchisee. The Landlord will not unreasonably withhold, delay or condition its approval of the new tenant/franchisee. Upon the permitted assignment by the Franchisor to the new tenant/franchisee, the Franchisor is released from all further obligations under the Lease.

5. **Franchisor's Rights Upon Termination or Expiration of Franchise Agreement.** The Landlord acknowledges that any landlord's lien or security interest does not include any property of the Tenant/Franchisee that includes any items bearing the Franchisor's trademarks including the signage and proprietary trade dress. If the Franchisor does not take occupancy of the Premises and does not assume the Lease, the Landlord agrees to the Franchisor's rights under the Franchise Agreement, upon reasonable notice to the Landlord, to enter the Premises solely for the purposes of taking all steps necessary to protect its interest under the Franchise Agreement including the removal of all signs and other items bearing the Proprietary Marks of the Franchisor (without damage to the Premises).

6. **Modification of Lease.** The Landlord and the Tenant/Franchisee will not make any material modifications to the Lease without the Franchisor's written consent, which consent the Franchisor will not unreasonably withhold, delay or condition.

7. **Noncompetition.** If the Franchisor does not take over the Lease upon the termination or expiration of the Franchise Agreement and the Tenant/Franchisee remains in possession of the Premises, the Landlord and the Tenant/Franchisee agree that, for a period of 2 years after the expiration or termination of the Franchise Agreement, the Premises will not be used for a business that operates, or franchises or licenses others to operate, a business engaged, wholly or partially, directly or indirectly, in the dog daycare and/or dog grooming and/or dog boarding or any other business in which we and our other franchisees are then engaged.

8. **Landlord's Statutory Lien or Security Interest**. The Landlord subordinates its statutory lien or security interest in the Tenant's property to the security interest of the Franchisor. The Landlord will further cooperate in signing all required documents to recognize the subordination.

9. **Non-Disturbance Agreement**. The Landlord will use its best efforts to obtain a non-disturbance agreement from the Landlord's existing mortgagee.

10. **Attorneys' Fees**. If a party institutes any action to enforce any provision of this Agreement, the prevailing party is entitled to recover all attorneys' fees and costs incurred in connection with the action from the non-prevailing party.

11. **Governing Law; Venue**. This Agreement is governed by and construed in accordance with the laws of the state in which the Premises are located. Venue will be in the county in which the Premises are located.

12. **Conflict.** Upon any inconsistency between this Agreement and the terms of the Lease, this Agreement supersedes and controls.

13. **Binding Effect.** This Agreement is binding upon the personal representatives, heirs, successors and assigns of the parties.

This Agreement has been signed the date and year first above written.

FRANCHISOR:

The Village Pup Franchising, LLC

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

LANDLORD:

____

By: ___________________________
Its:

TENANT/FRANCHISEE:

____

EXHIBIT L – TELEPHONE NUMBER AND DIRECTORY ADVERTISING
ASSIGNMENT AGREEMENT

3/31/22

TELEPHONE NUMBER AND DIRECTORY ADVERTISING
ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is signed on ___________, 2022, between The Village Pup Franchising, LLC, a California limited liability company ("we," "us" or "our") and ______________________________ ("you" or "your").

BACKGROUND

A. The parties have entered into a The Village Pup Franchise Agreement on _____________________, 2022 (the "Franchise Agreement").

B. As a condition to signing the Franchise Agreement, we have required that you assign to us all of your right, title and interest in the telephone numbers, telephone listings, facsimile numbers, telephone directory advertisements, VOIP systems or any approved online/cloud-based telephone systems relating to The Village Pup Franchise (the "Franchise Business") upon the expiration or termination of the Franchise Agreement.

The parties agree as follows:

TERMS

1. **Assignment**. In order to secure continuity and stability of our operation of the Franchise Business, immediately upon the expiration or termination of the Franchise Agreement, this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to the telephone numbers, facsimile numbers, telephone listings, telephone directory advertisements , VOIP systems or any approved online/cloud-based telephone systems, whether on the Internet or in print, pursuant to which you operate your Franchise Business in accordance with the terms of the Franchise Agreement without further action on your part.

2. **Assumption.** Immediately upon the expiration or termination of the Franchise Agreement, in consideration of the transfer of telephone service for the telephone numbers, we may assume and pay all future obligations for the telephone numbers, including the payment of all charges for future local and long distance service, telecommunications equipment, toll credit cards, public telephone service and equipment and directory advertising existing. You remain responsible for the payment of all accrued but unpaid charges.

3. **Your Representation and Warranties**. You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone services, telephone listing services and telephone directory advertisement services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers, telephone listings and telephone directory advertisements, and you have obtained all necessary consents to this Assignment.

4 **Other Documents**. You agree to sign any other documents required by the telephone service provider and/or publisher required to make the assignment effective.

5. **Miscellaneous**. The validity, construction and performance of this Assignment is governed by the laws of the State in which we are located (currently, Florida). All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

IN WITNESS WHEREOF, each of the parties has signed this Assignment as of the day and year first written above.

YOU or YOUR:

____

WE, US, or OUR:

The Village Pup Franchising, LLC

By: ____________________________
Khaled Habash, Manager

By: ____________________________
Tammy Jenz, Manager

EXHIBIT M – SECURITY AGREEMENT

3/31/22

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “Agreement”) is signed on ___________, 2022 between The Village Pup Franchising, LLC, a California limited liability company (the "Franchisor/Secured Party") and _______________________, ______________________________ (the "Franchisee/Debtor").

BACKGROUND

To secure all of the Franchisee’s/Debtor’s obligations to the Franchisor/Secured Party pursuant to that certain The Village Pup Franchise Agreement between the Franchisor/Secured Party and the Franchisee dated the same date as this Security Agreement (the "Franchise Agreement"), the Franchisee/Debtor grants to the Franchisor/Secured Party a security interest in certain of the assets of the Franchisee/Debtor as set forth in this Security Agreement. All capitalized terms not specifically defined in this Agreement have the same meaning as contained in the Franchise Agreement.

The parties agree as follows:

1. Creation of Security Interest

The Franchisee/Debtor grants to the Franchisor/Secured Party a security interest in the following described property used in the operation of the Franchise Business (collectively, the “Collateral”):

(a) All of the Franchisee/Debtor’s vehicles;

(b) All of the Franchisee/Debtor's Inventory, of whatever type or description, wherever located and whether now owned or later acquired;

(c) All of the Franchisee/Debtor's Accounts, which include all notes receivable, accounts receivable, and all other forms of customer obligations now existing and that may at any time later come into existence;

(d) All of the Franchisee/Debtor's vehicles, equipment, machinery, furniture, fixtures and other items of personal property, whether now owned or later acquired;

(e) All of the Franchisee/Debtor's permits, licenses and other governmental approvals;

(f) The Franchisee/Debtor's business on an ongoing basis including contract rights and customer lists;

(g) All of the Franchisee/Debtor's cash, certificates of deposit, securities, instruments and general intangibles;

(h) The right to all insurance proceeds of all insurance covering the Collateral as later defined; and

(i) All proceeds, products, replacements, additions, substitutions and accessions of and to all of the foregoing

The Franchisee's/Debtor's personal assets including consumer goods are not subject to this security interest.

2. Obligations Secured.

The security interest secures the payment and performance of all indebtedness, obligations and liabilities of any kind of the Franchisee/Debtor to the Franchisor/Secured Party now or later existing, arising directly between the Franchisee/Debtor and the Franchisor/Secured Party including the Franchisee's/Debtors obligations under the Franchise Agreement (collectively, the "Obligations").

3. Franchisee/Debtor's Warranties.

The Franchisee/Debtor warrants that:

(a) The Franchisee/Debtor is the owner of the Collateral free from any adverse lien, security interest or encumbrance other than the security interest granted by this Security Agreement and the Permitted Encumbrances stated in Schedule A. The Franchisee/Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest on the assets, except for the liens described in this Section or otherwise permitted under the Franchise Agreement.

(b) None of the Collateral is subject to a purchase money security interest other than that of the Franchisor/Secured Party or otherwise permitted under the Franchise Agreement.

(c) The Franchisee/Debtor will keep the Collateral at the Franchise Business where the Franchisor/Secured Party may inspect it at any reasonable time. The Franchisee/Debtor will not remove the Collateral from this location without the written consent of the Franchisor/Secured Party. The Franchisee/Debtor will not allow the Collateral to be wasted, misused, abused or deteriorated, except for ordinary wear and tear, and will not be used in violation of any law, ordinance or regulation of any governmental authority.

(d) The Franchisee/Debtor will insure the Collateral with carriers in the amounts and against all risks as satisfactory to the Franchisor/Secured Party, with policies payable to the Franchisor/Secured Party as its interest may appear. All policies of insurance must provide for 30 days' written notice of cancellation, modification, termination or expiration to the Franchisor/Secured Party. The Franchisee/Debtor will furnish the Franchisor/Secured Party a copy of the policies or other evidence of compliance with these insurance provisions.

(e) The Franchisee/Debtor will pay, when due, all taxes and assessments upon the Collateral or its operation or use and discharge or pay any taxes, liens, security interest or other encumbrances at any time levied or placed on or against the Collateral of the Franchisee/Debtor.

(f) The Franchisee/Debtor will not sell, lease, transfer, dispose or substantially modify the Collateral without the written consent of the Franchisor/Secured Party except for the sale, replacement or other disposition of the Collateral in the ordinary course of the operation of the Franchise Business.

(g) The Franchisee/Debtor will sign, alone or with the Franchisor/Secured Party, any financing statements or other documents and do any other act or acts considered by the Franchisor/Secured Party to be necessary or desirable to perfect or protect the security interest created by this Agreement, and will pay all costs and expenses (including reasonable fees and expenses of counsel and filing fees) for the preparation and filing of any financing statements, continuation statements or other documents for the perfection or protection of the security interest created by this Agreement.

4. <u>Rights of the Franchisor/Secured Party Prior to Default</u>

(a) The Franchisor/Secured Party may enter upon the Franchisee/Debtor's premises at any reasonable time to inspect the Franchisee/Debtor's books and records pertaining to the Collateral or its proceeds, and the Franchisee/Debtor will assist the Franchisor/Secured Party in all ways necessary to make any inspection.

(b) The Franchisee/Debtor agrees that, upon 5 days' written notice from the Franchisor/Secured Party, it will deliver to the Franchisor/Secured Party lists or copies of all accounts, that are proceeds of the Franchisee/Debtor's Collateral, promptly after they arise.

5. <u>Rights of Franchisee/Debtor Prior to Default</u>.

Until an Event of Default occurs or as otherwise provided in this Agreement, the Franchisee/Debtor may use the Collateral in any lawful manner consistent with this Agreement, the Franchise Agreement and with the terms of insurance on the Collateral.

6. <u>Events of Default</u>.

The Franchisee/Debtor is in default under this Agreement upon the happening of any of the following events ("Events of Default"):

(a) The occurrence of an Event of Default under the Franchise Agreement or any other agreement between the Franchisor/Secured Party and the Franchisee/Debtor; or

(b) Loss, theft, substantial change or destruction to a substantial portion of the Collateral unless replaced immediately or covered by insurance.

Upon the happening of any Event of Default or whenever the Franchisor/Secured Party deems itself insecure for any reason, the Obligations become immediately due and payable. The Franchisee/Debtor expressly waives any presentment, demand, protest or other notice of any kind.

7. <u>Franchisor/Secured Party's Remedies and Additional Rights After Default</u>.

Upon the occurrence of an Event of Default, the Franchisor/Secured Party has the rights and remedies of a Franchisor/Secured Party under the California Uniform Commercial Code or any other applicable law. The Franchisor/Secured Party may exercise the following rights and remedies:

(a) The Franchisor/Secured Party may peaceably, or by its own means or with judicial assistance by injunction or otherwise, enter the Franchisee/Debtor's premises and take possession of the Collateral, or render it unusable, or dispose of the Collateral on the Franchisee/Debtor's premises, and the Franchisee/Debtor will not resist or interfere with this action.

(b) The Franchisor/Secured Party may notify all account debtor's and other contracting parties of the Franchisor's/Secured Party's security interest in the accounts and demand payment directly to the Franchisor/Secured Party instead of paying the Franchisee/Debtor directly.

(c) The Franchisor/Secured Party may, with judicial assistance by injunction or otherwise, require the Franchisee/Debtor, at the Franchisee/Debtor's expense, to assemble the Collateral and make it available to the Franchisor/Secured Party at any place designated by the Franchisor/Secured Party.

(d) The Franchisee/Debtor agrees that a notice to the Franchisee/Debtor, at least 5 days before the time of any intended sale or of the time after which any public or private sale or other disposition of the Collateral may be made, is reasonable notice of the sale or other disposition.

(e) Without precluding any other methods of sale, the sale of the Collateral has been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices, however, the Franchisor/Secured Party may sell on terms as it may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind.

(f) The Collateral need not be present at any public or private sale or in view of the purchaser or purchasers. Title passes upon sale wherever the property is located with like effect as though all the property were present and in the possession of the person conducting the sale and where physically delivered to the purchaser. The Franchisor/Secured Party may bid for and purchase all the Collateral or any part of the Collateral, and by purchase, becomes the owner of the Collateral.

(g) Upon the exercise of any of the rights or remedies of the Franchisor/Secured Party under this Agreement, the Collateral may be offered for sale for one total price, and the proceeds of the sale accounted for in one account without distinction between items of security or without assigning to them any proportion of the proceeds of the sale. The Franchisee/Debtor insofar as it legally may do so waives the application of any doctrine of marshalling. At the option of the Franchisor/Secured Party, the Collateral may be offered for sale separately at different times and/or locations. A separate sale does not preclude later sales of the Collateral or the exercise by the Franchisor/Secured Party of any other right or remedy under this Agreement.

(h) The Franchisor/Secured Party may deduct from the gross proceeds of any public or private sale the expenses incurred by the Franchisor/Secured Party in the sale, including any broker's commission and its reasonable attorneys' fees, legal expenses including appellate, bankruptcy and post-judgment proceedings, incurred or expended by the Franchisor/Secured Party in connection with this Agreement and other agreements involving the Collateral, the enforcement of any of the obligations or the administration, preservation or protection of or realization upon the Collateral or any part of the Collateral Any amount then remaining will be returned to the Franchisee/Debtor.

(i) If the proceeds from the sale of the Collateral are not sufficient to satisfy the indebtedness of the Franchisee/Debtor to the Franchisor/Secured Party, the Franchisor/Secured Party may proceed against the Franchisee/Debtor and any Guarantors for any deficiency.

8. Miscellaneous.

(a) No failure on the part of the Franchisor/Secured Party to exercise and no delay in exercising any right or remedy under this Agreement operates as a waiver of this Agreement, nor will any single or partial exercise by the Franchisor/Secured Party of any right or remedy under this Agreement preclude any other or future exercise of that right or remedy or the exercise of any other right or remedy.

(b) The dispute resolution provisions contained in ARTICLE 17 of the Franchise Agreement are incorporated by reference into this Agreement and are part of this Agreement.

(c) Upon a conflict between the terms of this Agreement or the Franchise Agreement between the parties, the terms of the Franchise Agreement prevails.

(d) All of the terms and covenants of this Agreement inure to the benefit of and bind the heirs, legal representatives, successors and assigns of the respective parties to this Agreement.

(e) This Security Agreement may not be changed orally, but only by an instrument in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(f) Upon full performance under the Franchise Agreement without renewal, this Security Agreement automatically terminates. The Franchisor/Secured Party will file a UCC-3 Statement of Termination.

The parties have signed this Agreement this day and year first above written.

FRANCHISOR/SECURED PARTY:

The Village Pup Franchising, LLC

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

FRANCHISEE/DEBTOR:

____

SCHEDULE A TO SECURITY AGREEMENT

PERMITTED ENCUMBRANCES

1. Tangible commercial personal property taxes for the year 2022 and subsequent years.

Date of Filing	File #	Franchisor/Secured Party	Collateral

2. None

3.

4.

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Keith J. Kanouse (561) 451-8090 x 1

B. E-MAIL CONTACT AT FILER (optional)
Keith@Kanouse.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Keith J. Kanouse
6879 Giralda Circle
Boca Raton, FL 33433

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME					
OR 1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE		COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE		COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME: The Village Pup Franchising, LLC				
OR 3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX
3c. MAILING ADDRESS: 42620 Caroline Court, Suite 103	CITY: Palm Desert	STATE: CA	POSTAL CODE: 92211	COUNTRY: US

4. COLLATERAL: This financing statement covers the following collateral:

See Rider attached hereto

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: ☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box: ☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

6/2/22

RIDER TO UCC-1 FINANCING STATEMENT

Debtor/Franchisee: ____________________________

Secured Party: The Village Pup Franchising, LLC

The Debtor/Franchisee grants to the Secured Party/Franchisor a security interest in the following described property owned by the Debtor/Franchisee and constituting all of the assets used in the operation of an The Village Pup Franchise (collectively, the "Collateral):

(a) All of the Franchisee/Debtor's Inventory, of whatever type or description, wherever located and whether now owned or later acquired;

(b) All of the Franchisee/Debtor's Accounts, which include all notes receivable, accounts receivable, and all other forms of customer obligations now existing and that may at any time later come into existence;

(c) All of the Franchisee/Debtor's vehicles, equipment, machinery, furniture, fixtures and other items of personal property, whether now owned or later acquired;

(d) All of the Franchisee/Debtor's permits, licenses and other governmental approvals;

(e) The Franchisee/Debtor's business on an ongoing basis including contract rights, customer lists and routes;

(f) All of the Franchisee/Debtor's cash, certificates of deposit, securities, instruments and general intangibles;

(g) The right to all insurance proceeds of all insurance covering the Collateral as later defined; and

(h) All proceeds, products, replacements, additions, substitutions and accessions of and to all of the foregoing

The Debtor's personal assets including consumer goods are not subject to this security interest.

EXHIBIT N – FRANCHISEE CLOSING QUESTIONNAIRE

3/31/22

FRANCHISEE CLOSING QUESTIONNAIRE

The Village Pup Franchising, LLC, a California limited liability company ("we" "us" or "our") and _______________ ("you" or "your") are preparing to enter into a The Village Pup Franchise Agreement (the "Franchise Agreement) for the establishment and operation of a The Village Pup Franchise Business. The purpose of this Questionnaire is to determine whether any person made statements or promises to you that we have not authorized, that are not contained in our Franchise Disclosure Document and Exhibits (the "FDD") including the Franchise Agreement, and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question. No representations require you to assent to a release, estoppel or waiver of any liability acts as a release, estoppel or waiver of any liability incurred under state franchise laws including the Maryland Franchise Registration and Disclosure Law.

1. How did you first find out about our franchise opportunity?

____

____

2. When was this? ___________________________________

3. Have you received and personally reviewed the FDD provided to you?

Yes ☐ No ☐

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

Yes ☐ No ☐

5. Have you had the FDD for at least 14 calendar days before signing the Franchise Agreement? If you are a resident of New York, New York requires that we give you this Franchise Disclosure Document at the earlier of: (i) the first personal meeting or (ii) 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. If you are a resident of Michigan, Michigan requires that we provide you the Franchise Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

Yes ☐ No ☐

6. Do you understand all of the information contained in the Franchise Disclosure Document and any state-specific Addendum to the FDD?

Yes ☐ No ☐

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

____

____

8. Have you had an opportunity to discuss the benefits and risks of establishing and operating a The Village Pup Franchise with an attorney, accountant, or other professional advisor?

Yes ☐ No ☐

9. If yes, please identify and provide name, address and phone number.

____

____

10. Do you understand that the success or failure of your The Village Pup Franchise will depend in large part 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 ☐

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchise Business operated by us or our The Village Pup Franchisees other than is contained in ITEM 19 of the FDD?

Yes ☐ No ☐

12. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating The Village Pup Franchise other than is contained in ITEM 19 of the FDD?

Yes ☐ No ☐

13. Has any employee or other person speaking on our behalf made any statements or promise concerning the total amount of revenue the Franchise Business will generate other than is contained in ITEM 19 of the FDD?

Yes ☐ No ☐

14. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating the Franchise Business that is contrary to or different from, the information contained in ITEM 19 of the FDD?

Yes ☐ No ☐

15. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchise Business?

Yes ☐ No ☐

16. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is outside or inconsistent with the terms of the Franchise Agreement?

Yes ☐ No ☐

17. Have you entered into any binding agreement with us concerning the purchase of a Franchise Business before today?

Yes ☐ No ☐

18. Have you paid any money to us concerning the purchase of the Franchise Business before today?

Yes ☐ No ☐

19. If you have answered "Yes" to any one of questions 11-18, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered "no" to each of questions 11-18, please leave the following lines blank. ____

____

20. Have you had in your possession the completed Franchise Agreement, all exhibits thereto and all other agreements you are to sign for at least 7 days?

Yes ☐ No ☐

21. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes ☐ No ☐

22. If no, what part of the Franchise Agreement or Exhibit do you not understand? (Attach additional pages if necessary.)

____

____

23. I signed The Village Pup Franchise Agreement and related documents on ____________________ and understand and acknowledge that none of these agreements is effective until they are signed and dated by the Members of The Village Pup, LLC.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing the Questionnaire, you are representing that you have responded truthfully to the above questions.

Dated: ________________________ **FRANCHISE APPLICANT**

____

EXHIBIT O – FRANCHISE TERMINATION AND RELEASE AGREEMENT

3/31/22

FRANCHISE TERMINATION AND RELEASE AGREEMENT

THIS FRANCHISE TERMINATION AND RELEASE AGREEMENT (this "Agreement") is signed and effective on ________________, 2022 among The Village Pup Franchising, LLC, as the Franchisor ("we," "us" or "our"); ______________, as the Franchisee and _________, as the Guarantor ("you" or "your").

BACKGROUND

A. We and you entered into a The Village Pup Franchise Agreement dated ___, 2022 and certain ancillary documents thereto (collectively, the "Franchise Agreement"), under which we granted and you accepted a The Village Pup Franchise at ______________.

B. Your obligations under the Franchise Agreement and other agreement with us are guaranteed by the Guarantor under the Guaranty of Franchisee's Obligations dated ______, 2022 (the "Guaranty").

C. The parties desire to terminate the Franchise Agreement and the Guaranty and to release us from, and against, all obligations arising in connection with the Franchise Agreement and the Guaranty, except as otherwise provided in this Agreement.

The parties agree as follows:

TERMS

1. **Termination of Franchise Agreement and Guaranty.** The parties agree that the Franchise Agreement and all of the parties' respective obligations under the Franchise Agreement and/or the Guaranty are terminated (except as stated in Section 4).

2. **Release of Franchisor.** You, for yourselves and your legal successors and assigns, releases and forever discharges us and our officers, directors, stockholders, agents and legal successors and assigns releases and forever discharges us and our legal successors and assigns, of and from all manner of actions, causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or in equity, that either party and/or any of their respective officers, directors, stockholders, agents and legal successors and assigns, ever had, now has, or that they hereafter can or may have for, upon, or by reason of any matter, cause or thing whatsoever involving, directly or indirectly, the Franchise Agreement. However, this Agreement does not discharge or impair any right of indemnity, surety or contribution that we may have against you, your officers, directors, stockholders, agents, legal successors or assigns, in connection with any claim that may later be asserted against us by any third party.

3. **Warranty of No Prior Assignment.** Each party represents and warrants to the other party that he, she or it has made no prior assignment to any person not a signatory to this Agreement of any claim he, she or it may have against the other party.

4. **Post-Term Covenants.** The termination and release provided in Sections 1 and 2 have no effect on your obligations under the Franchise Agreement that expressly or by their nature survive the termination of the Franchise Agreement. These obligations specifically include obligations of confidentiality, the mutual indemnification provisions for matters arising before the date of this Agreement, and provisions concerning governing law and dispute resolution, that continue in full effect after the termination of the Franchise Agreement and until they are satisfied or by their nature expire.

6. **Return of Confidential Information.** You will immediately return to us all Confidential Information (as defined in the Franchise Agreement) in your possession or control.

7. **Nondisclosure.** You will not discuss with, disclose to or communicate with anyone the terms of this Agreement or the facts surrounding, causing or resulting from the T Clinics USA Franchise including any prospective, existing or former T Clinics USA Franchisee, unless required by legal process. You will only state that you have left the T Clinics USA System. You understand that the FTC Franchise Rule requires us to disclose your name, home address and telephone number in our Franchise Disclosure Document until December 31, 2023.

8. **Mutual Non-Disparagement**. The Franchisee will not disparage the Franchisor otherwise take any action which could reasonably be expected to adversely affect the Franchisor's reputation. Similarly, the Franchisor will not disparage the Franchisee or otherwise take any action which could reasonably be expected to adversely affect the personal or professional reputation of the Franchisee.

9. **No Admission of Liability.** By signing this Agreement, no party admits any liability to the other or the truth or falsity of any allegation, statement, communication or fact discussed, disclosed or communicated in any manner, regarding any transaction, communication, contact, statement or action between the parties or in connection with this Agreement, the Franchise Agreement or the Guarantee signed by the parties.

10. **Entire Agreement.** This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations if any made by the parties.

11. **Binding Effect.** All of the terms of this Agreement, regardless of whether expressed, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective legal representatives, heirs, successors and permitted assigns.

12. **Interpretation.** Each of the parties agree that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement, if any. Therefore, the parties agree that the provisions of this Agreement or any of the other documents will not be construed against any party more strictly than against the other.

The parties have signed this Agreement as of the date first above written.

FRANCHISOR:

The Village Pup

By: ______________________________
Khaled Habash, Manager

By: ______________________________
Tammy Jenz, Manager

FRANCHISEE:

____

GUARANTOR:

‘

____

EXHIBIT P– TABLE OF CONTENTS OF OPERATION & POLICIES MANUAL

Confidential Operations & Policies Manual
Table of Contents

Version: 2-15-22

1. **INTRODUCTION** (32 pages)
   - A. Welcome from the Owners of *The Village Pup*
   - *B.* Why You Chose *The Village Pup*
   - C. Notice of Proprietary & Confidential Information
   - D. Acknowledgement of Receipt
   - E. Using the Confidential Operations & Policies Manual
   - F. Our Mission, Vision, Culture & Philosophy
   - G. Our History
   - H. Our Management Team
   - I. Industry Overview & Competition
   - J. Overview of Our Responsibilities
   - K. Overview of Your Responsibilities

2. **PRE-OPENING** (29 pages)
   - A. Forming Your Franchise Legal Entity
   - B. Use of Trademarks & Trade Names
   - C. Insurance Requirements
   - D. Licenses, Permits & Certifications
   - E. Establishing a Bank Account & Merchant Account Services
   - F. Establishing Phone & Internet Service
   - G. Establishing Utility Services
   - H. Establishing Vendor Accounts

I. Franchise Email Addresses & Website Listing

J. The Shared Google Drive

3. **DEVELOPING YOUR FRANCHISE BUSINESS FACILITY** (67 pages)

A. Development Tasks & Timeline

B. Site Selection

C. Your Lease

D. Building & Fire Department and County/City Regulations

E. Facility Design & Layout

F. Construction Overview

G.Startup Materials & Supplies List

H. Computer System & Software

I. Preparing Your Facility for Opening

4. **ADMINISTRATION & FINANCIAL** (46 pages)

A. Where Do You Make the Most Money & Profit?

B. Seasonality Considerations

C. Administrative Tasks & Checklist

D. Accounting & Bookkeeping

E. Business & Financial Reporting

F. Royalties, Fees & Payments

G. Employee Payroll

H. Suggested Pricing

I. Customer Payment Methods

J. Discounts & Promotions

5. **HUMAN RESOURCES** (44 pages)

A. Employees

1. Overview
2. Staffing Requirements / Job Descriptions & Responsibilities
3. Full-Time vs. Part-Time Team Members
4. Staff Recruitment
5. The Application Process

6. Conducting an Interview
7. Background Checks / Checking References
8. Hiring – Employee Onboarding & Orientation
9. Employee Introductory Period
10. Employee Training
11. Certification Requirement
12. Compensation & Benefits Considerations & Guidelines

B. Employment Guidelines
1. Employment Guidelines
2. Employee Codes of Conduct

6. FRANCHISE OPERATIONS (229 pages)

A. Daily Operations
B. Unit Manager Procedures
C. Facility Supervisor Procedures
D. Front Desk Staff Procedures
E. Yard Supervisor Procedures
F. Yard Staff (Pack Leaders) Procedures
G. Mid-Shift Procedures
H. Closing Shift Procedures
I. Overnight Staff Procedures
J. Shift Lead Procedures
K. Groomer Procedures (Employee & 1099)
L. Pup Play Policies & Procedures
M. Boarding & Daycare Training Program
N. Selling Your Services
O. Customer Relations
P. Facility Safety & Security
Q. Facility Cleaning & Maintenance
R. Corporate Office Inspections
S. Crisis Management

7. SERVICES & PRODUCTS (21 pages)

A. *The Village Pup* Services

B. *The Village Pup* Products

C. Approved & Designated Vendors & Suppliers

D. Requesting Approval of Alternative Vendors & Suppliers

E. Working with Vendors & Suppliers

F. Ordering/Receiving Products, Materials & Supplies

8. ADVERTISING, MARKETING & PROMOTION (28 pages)

A. Advertising & Marketing Guidelines

B. Advertising Your Franchise Business

C. Local Advertising & Marketing

D. Online Reviews & Reputation Management

E. *The Village Pup* Website

F. Regional Advertising Cooperative

G. *The Village Pup* Media Fund

H. Requesting Approval for Alternative Advertising & Marketing

9. LIST OF FORMS & OTHER MATERIALS (5 pages)

TOTAL PAGES **501 pages**

EXHIBIT Q – LIST OF FRANCHISEES

(a) **Operational Franchisees**. The following are the names, addresses and telephone numbers of the -0- Franchise Businesses in the United States as of December 31, 2021 who are operational:

NONE

(b) **Franchises Executed But Not Yet Operational**. The following are the names, addresses and telephone or cell numbers of the -0- Franchise Businesses in the United States as of December 31, 2021 who are not yet operational but have signed a Franchise Agreement:

NONE

(c) **Former Franchisees**. The following are the names, last known home addresses and home telephone or cell numbers of the -0- Franchisees in the United States that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year (since January 1, 2021) or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document:

NONE

(d) **Transferred Franchises**. The following are the names, last known home addresses and home telephone or cell numbers of the -0- Franchisees in the United States that have sold their Franchise to another during the most recently completed fiscal year (since January 1, 2021) and until the effective date of this Franchise Disclosure Document:

NONE

YOUR CONTACT INFORMATION

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

EXHIBIT R - FINANCIAL STATEMENTS

Since we have not been in business for 3 years or more, we cannot include all the financial statements required under the FTC Franchise Rule. The following financial statements are attached:

1 Our opening audited balance sheet as of January 22, 2022.

Our fiscal year ends December 31.

THE VILLAGE PUP FRANCHISING LLC

BALANCE SHEET

JANUARY 20, 2022

The Village Pup Franchising LLC

TABLE OF CONTENTS

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Independent Auditor's Report	1-2
Financial Statement	
Balance Sheet	3
Notes to Financial Statement	4

Suchan &
Associates
An Accountancy Corporation

8588 Utica Ave, Suite 100, Rancho Cucamonga, CA 91730
Phone: (909) 781- 6443 Fax: (909) 476- 7390 www.Suchancpa.com

INDEPENDENT AUDITOR'S REPORT

To the Members of The Village Pup Franchising LLC

Opinion

We have audited the accompanying balance sheet of **The Village Pup Franchising LLC** (a California state Limited Liability Company), as of **January 20, 2022,** and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of **The Village Pup Franchising LLC**, as of **January 20, 2022,** in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the balance sheet. We are required to be independent of The Village Pup Franchising LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village Pup Franchising LLC's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Village Pup Franchising LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village Pup Franchising LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Suchan + Associates

Suchan & Associates

Rancho Cucamonga, CA
February 9, 2022

THE VILLAGE PUP FRANCHISING LLC

BALANCE SHEET

January 20, 2022

ASSETS

CURRENT ASSETS		
Cash	$	100,000
TOTAL ASSETS	**$**	**100,000**

MEMBERS' EQUITY

MEMBERS' EQUITY	$	100,000
TOTAL MEMBERS' EQUITY	**$**	**100,000**

The accompanying Notes to the Financial Statement are an integral part of this statement

THE VILLAGE PUP FRANCHISING LLC

NOTES TO FINANCIAL STATEMENTS

January 20, 2022

1. ORGANIZATION

The Village Pup Franchising LLC (the “Company”), a California Limited Liability Company, was formed on October 8, 2021, for the purpose of selling franchises of the business systems for dog daycare, boarding and grooming. As a franchisor the Company will enter into agreements with franchises in various states.

On January 30, 2020, the World Health Organization declared the Coronavirus outbreak (COVID-19) A “PUBLIC Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The extent to which the pandemic impacts The Village Pup Franchising LLC’s activities and results in the next fiscal year and beyond will depend on future developments, which are highly uncertain and cannot be predicted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statement is prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

3. SUBSEQUENT EVENTS

The Village Pup Franchising LLC has evaluated events and transactions occurring subsequent to the statement of financial position date of January 20, 2022, for items that should potentially be recognized or disclosed in this financial statement. The evaluation was conducted through February 9, 2022, the date this financial statement was available to be issued. No such material events or transactions were noted to have occurred.

State Effective Dates

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

This Franchise Disclosure Document is effective and may be used in the following states, where this Franchise Disclosure Document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT S - RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If The Village Pup Franchising, LLC offers you a Franchise Business, we must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Franchise Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If The Village Pup Franchising, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit B.

The franchisor is The Village Pup Franchising, LLC, located at 42620 Caroline Court, Suite 103, Palm Desert, CA 92211. Its telephone number is (833) 488-7877.

The FTC issuance date of this Franchise Disclosure Document is March 31, 2022.

The franchise seller for this offering is (check one):

☐ Khaled Habash, 42620 Caroline Court, Suite 103, Palm Desert, CA 92211 and (833) 488-7877.

☐ Tammy Jenz, 42620 Caroline Court, Suite 103, Palm Desert, CA 92211 and (833) 488-7877.

-or-

☐ Please add the name, principal business address, and telephone number of the franchise seller who offered you the franchise. ____
____

The name and address of the franchisor's registered agent authorized to receive service of process is listed in Exhibit B.

I received this Franchise Disclosure Document dated March 31, 2022 that included the following Exhibits:

A - State Addenda to FDD
B – List of State Administrators and
our Agents for Service of Process
C - Deposit Agreement
D – Franchise Agreement
E – Approved Location Addendum
F – Conversion Addendum
G – Area Development Agreement
H – State Addenda to Agreements
I – Authorization Agreement
J - Guaranty of Franchisee's Obligations
K – Agreement with Landlord
L – Telephone Number Assignment
M – Security Agreement
N – Franchisee Closing Questionnaire
O – Franchise Termination and Release
P - Table of Contents
Q - List of Franchisees
R – Financial Statements
State Effective Dates
S - Receipt

Prospective Franchisee:

Sign_______________________________ Dated: _____________, 2022

Print_______________________________

(copy #1 - to be retained for your records)

RECEIPT

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State Effective Dates
S - Receipt

Prospective Franchisee:

Sign_______________________________ Dated: ______________, 2022

Print_______________________________ State of Residence: __________________

Please print out the last 2 pages of this FDD (our copy of the Receipt) sign it, print your name and add the date you signed the Receipt and the state in which you reside. Then do any of the following:

1. You can mail the signed Receipt back to us at:

Khaled Habash
42620 Caroline Court,
Suite 103
Palm Desert, CA 92211

2. You can e-mail the signed Receipt back to us, by scanning the signed Receipt to create a PDF and e-mail the signed Receipt back to us as an attachment to:

TVPFranchiseinfo@pupmail.com