FRANCHISE DISCLOSURE DOCUMENT

Vanity Fur Franchising, LLC
A California limited liability company,
12495 Limonite Avenue, #1023,
Eastvale, California 91752
Tel: (866) 696-7382
FRANCHISE@VANITYFURS.COM
www.vanityfurs.com

The franchise that we offer is for Vanity Fur, a mobile pet salon that provides pet bathing and grooming and, other services and products (each, a "Franchised Business" or "Vanity Fur Business"). We offer individual unit Vanity Fur Business franchises and area development franchises for the development of multiple Vanity Fur Business within a designated territory.

The total investment necessary to begin operation of a Vanity Fur Business under a franchise agreement is $78,185 to $96,855. This includes $45,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a Vanity Fur Business under a multi-unit development agreement is $168,185 to $186,855. This includes $135,000 that must be paid to the franchisor or its affiliates under the multi-unit development agreement.

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

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Jean Arellano, Vanity Fur Franchising, LLC, 12495 Limonite Avenue, #1023, Eastvale, California 91752.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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: April 18, 2024

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Short Operating History**. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

4. **Financial Support**. The franchisor's financial condition as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909

Vanity Fur®
Franchise Disclosure Document

TABLE OF CONTENTS

Item		Page
1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	3
3.	LITIGATION	3
4.	BANKRUPTCY	3
5.	INITIAL FEES	4
6.	OTHER FEES	5
7.	ESTIMATED INITIAL INVESTMENT	10
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
9.	FRANCHISEE'S OBLIGATIONS	16
10.	FINANCING	17
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	18
12.	TERRITORY	24
13.	TRADEMARKS	27
14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	29
15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	29
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30
17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	30
18.	PUBLIC FIGURES	37
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	38
20.	OUTLETS AND FRANCHISEE INFORMATION	50
21.	FINANCIAL STATEMENTS	52
22.	CONTRACTS	53
23.	RECEIPTS	53

EXHIBITS

A. LIST OF STATE ADMINISTRATORS
B. LIST OF AGENTS FOR SERVICE OF PROCESS
C. OPERATIONS MANUAL TABLE OF CONTENTS
D. FINANCIAL STATEMENTS
E. FRANCHISE AGREEMENT
F. MULTI-UNIT DEVELOPMENT AGREEMENT
G. LIST OF FRANCHISEES
H. LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
I. STATE SPECIFIC ADDENDA
J. STATE EFFECTIVE DATES
K. RECEIPTS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Vanity Fur Franchising, LLC, the franchisor of the Vanity Fur franchise is referred to in this franchise disclosure document (the "Disclosure Document") as "we", "us" or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "you" and "your" as the context requires. If you are a corporation, partnership or other legal entity (a "Corporate Entity"), our Franchise Agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

The Franchisor

We are a California limited liability company established on August 30, 2021. Our principal place of business is 12495 Limonite Avenue, #1023, Eastvale, California 91752. We conduct business under our corporate name Vanity Fur Franchising, LLC and under the Vanity Fur trade name. Our business is operating the Vanity Fur franchise system and granting franchises to third parties like you to develop and operate a Vanity Fur Business. We began offering franchises as of April 14, 2022 and, other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have any predecessors and we do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We license a system (the "System") for the operation of a Vanity Fur Business that provides pet bathing and grooming and, other services and products (the "Approved Services and Products") using our equipped and branded vehicle, and such other programs, materials, equipment, products, and supplies that we designate (the "System Supplies"). Your Vanity Fur Business may be managed as a home-based business that, if permitted by law, may be administratively managed from a home office (an "Administrative Office") provided that you only provide the Approved Services and Products, on-site, at customer homes and other customer locations located within your designated operating territory ("Customer Locations").

The System is presently identified by the Vanity Fur trademark and, such other trade-names, trademarks, service-marks, logos, and trade-dress that we may designate, modify or adopt from time to time and, as same may or may not be registered with the United States Patent and Trademark Office (collectively, the "Licensed Marks"). The System features the prominent display of the Licensed Marks, the Approved Services and Products, and the System Supplies as same may presently exist and, as we may modify, add to and/or discontinue from time to time. You are required to purchase the System Supplies through us, our affiliates or our designated approved suppliers. The System also requires that you operate your Vanity Fur Business in conformity with the specifications, procedures, criteria and requirements that we designate in our confidential operations manual and other proprietary manuals that we designate and, as we may, from time to time, supplement and modify (collectively, the "Manuals").

Franchise Agreement

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate your Vanity Fur Business within a designated operating territory and, in conformity with the requirements of our System. At the time of signing the Franchise Agreement we will designate a geographic area comprising your operating territory where you will offer and provide our approved System Services and Products using only our designated System Supplies.

Multi-Unit Development Agreement

If we approve your request, you may have the option, in addition to signing a Franchise Agreement in the form attached as Exhibit E, to sign the Multi-Unit Development Agreement attached to this Disclosure Document as Exhibit F, to develop and operate multiple Franchised Businesses. The total number of

Franchised Businesses that you will be required to develop and operate under a Multi-Unit Development Agreement will be three Franchised Businesses. Each Franchised Business must be developed by you within a designated geographic area (the "Development Area") and each Franchised Business must be developed and operated under the terms of our then current individual unit Franchise Agreement which may differ from the Franchise Agreement included with this Disclosure Document. Your Multi-Unit Development Agreement will include a development schedule (the "Development Schedule") containing a deadline by which you must have each Franchised Business open and operating. Your Development Schedule may vary depending on your Development Area.

Unless otherwise specified, the information contained in this Disclosure Document applies to single unit development under a Franchise Agreement and multi-unit development under a Multi-Unit Development Agreement. If you are not contracting for the right to develop multiple Franchised Business, you will not be signing a Multi-Unit Development Agreement. Even if you sign a Multi-Unit Development Agreement, you will also be signing individual Franchised Business Franchise Agreements with the first Franchised Business Franchise Agreement being the Franchise Agreement attached to this Disclosure Document as Exhibit E and signed simultaneous with the signing of the Multi-Unit Development Agreement.

Our Affiliates

JA Mobility LLC
Our affiliate, JA Mobility LLC, has a business address of 12495 Limonite Avenue, #1023, Eastvale, California 91752. JA Mobility LLC entered into approximately seven licenses for businesses similar to a Vanity Fur Business since approximately 2017. All licensees have become employees of JA Mobility LLC or terminated their license prior to our formation. This affiliate currently operates a Vanity Fur Business and will not offer licenses in any lines of business in the future. You will not do business with this affiliate.

Vanity Fur IP, LLC
Our affiliate, Vanity Fur IP, LLC is a California limited liability company established on November 12, 2021. This affiliate maintains a principal business address at 12495 Limonite Avenue, #1023, Eastvale, California 91752. This affiliate is the owner of the Licensed Marks. This affiliate has not in the past and does not now offer franchises in any lines of business.

Market and Competition
The general market for the services and products offered by a Vanity Fur Business typically includes pet owners of dogs and cats. The market for pet bathing and grooming is highly competitive and is not seasonal in nature. You will be competing with groomers, pet suppliers, mobile pet services and businesses that provide pet bathing and grooming. You will be competing with many local and independently owned service providers including businesses offering pet care services. The Franchised Business will also compete with pet owners who choose to do their own pet grooming.

Our services and products, depending on the location of your operating territory, may be seasonal in nature. The services provided by the Franchised Business are provided as a mobile business and extreme weather conditions can inhibit the operation of your Franchised Business and impact your ability to service customers. Depending on then geographic location of your operating territory, your Franchised Business may also experience seasonal fluctuations in customer demand for services.

Industry Specific Laws
Many states and local jurisdictions have laws, rules, and regulations that may apply to the Franchised Business, including rules and regulations related to animal care and health and safety requirements concerning pet bathing and grooming. You must evaluate and you must obtain the necessary licenses, certification, permits and approval necessary to establish and operate the Franchised Business. You must

investigate all of these laws. You must check your state, county and local jurisdiction about these rules and regulations and you should consult with your own legal advisor.

You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules and regulations that may affect the operation of the Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Jean Arellano, Chief Executive Officer
Jean Arellano is our CEO and has served in this role since our formation on August 30, 2021. Since November 2010 and, continuing to date, Jean Arellano has served in similar roles for the Vanity Fur Business in Eastvale, California owned and operated by our affiliate JA Mobility LLC.

Lyndsay Wahl, Franchise Support Manager
Lyndsay Wahl is our Franchise Support Manager and has served in this role since April 1, 2023. Since March 24, 2014 and continuing to date, Lyndsay Wahl has served as corporate manager and dog groomer for the Vanity Fur business in Eastvale, California owned and operated by our affiliate JA Mobility LLC.

Sherie Correa, Corporate Trainer
Sherie Correa is our Corporate Trainer and has served in this role since our formation on August 30, 2021. Since September 2022 and continuing to date, Sherie Correa serves as a dog and cat groomer of a Vanity Fur franchised business. From May 30, 2017 to August 31, 2022, Sherie Correa was a dog and cat groomer for the Vanity Fur business in Eastvale, California owned and operated by our affiliate JA Mobility LLC.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 5
INITIAL FEES

When you sign a Franchise Agreement you will pay to us a non-refundable initial franchise fee in the amount of $45,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is fully earned by us upon payment. The method we use to calculate the Initial Franchise Fee is uniform for all franchises, except that we offer the following discounts off of an Initial Franchise Fee for a single franchise:

Veteran's Discount
For qualified individuals who were honorably discharged any branch of the United States Military, the Initial Franchise Fee for the first Operating Territory is discounted by 10%. This discount must be requested at the time of signing the Franchise Agreement, requires documented military service, and represents a one-time discount applicable to only the Initial Franchise Fee. This discount is subject to our approval of the franchisee entering into our franchise system. This discount cannot be combined with other discounts of the Initial Franchise Fee.

First Responders Discount
For qualified individuals who are First Responders (as defined below), the Initial Franchise Fee shall be discounted by 10%. A "First Responder" is any current or former police officer, firefighter or emergency medical technician who served for more than five years in that capacity. This discount must be requested at the time of signing the Franchise Agreement and represents a one-time discount applicable to only the Initial Franchise Fee for your first Franchise Agreement. This discount is subject to our approval of franchisee entering into our franchise system. This discount cannot be combined with other discounts of the Initial Franchise Fee.

In Term Additional Territory
If, during the term of your initial Franchise Agreement you are approved by us and enter into an additional Franchise Agreement, the Initial Franchise Fee for each subsequent Franchise Agreement will be the then current Initial Franchise Fee for the designated Operating Territory, less 20% and will not be subject to any other discount. Prior to entering into any additional Franchise Agreements with us you must be in compliance with the terms of all of your agreements with us and you must be approved by us as meeting our qualifications to enter into an additional Franchise Agreement. This discount does not apply to your first Franchise Agreement and cannot be combined with other discounts of the Initial Franchise Fee.

Multi-Unit Development Agreement
If you sign a Multi-Unit Development Agreement, you must pay a fixed non-refundable development area fee of $90,000 (the "Development Area Fee"), over and above the first Franchised Business authorized by the Franchise Agreement, that you will be authorized to develop under the Multi-Unit Development Agreement. The number of Franchised Businesses that you may agree to develop is three. The Development Area Fee that you must pay to us is in addition to the Initial Franchise Fee of $45,000 that you must pay to us at the time of signing the Franchise Agreement for your first Franchised Business. At the time of signing the Franchise Agreement for each additional Franchised Business authorized by the Multi-Unit Development Agreement, over and above your first Franchised Business, you will not be required to pay us an additional initial franchise fee. The Development Area Fee is fully earned by us upon payment, represents consideration for a designated development area as referenced in Item 12 of this Disclosure Document, and is used to defray our costs for providing pre-opening assistance and to offset certain franchise recruitment expenses. The method we use to calculate the Development Area Fee is uniform for all franchises that we offer through this Disclosure Document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Royalty (Notes 2 and 3)	5% of Gross Sales	Monthly on the first Thursday of each month	Will be debited automatically from your bank account by ACH or other means designated by us.
Brand Development Fund (Note 4)	Currently up to 1% of Gross Sales, subject to increase up to 3% of Gross Sales	Monthly on the first Thursday of each month	Will be debited automatically from your bank account by ACH or other means designated by us.
Franchisee Directed Local Marketing (Note 5)	Minimum of $200 to $400 per month depending on your service vehicle's capacity	As incurred	You must spend the minimum amount we designate in amount equal to $200 to $400 each calendar month on pre-approved marketing within your operating territory.
Technology (Note 6)	Up to $350 per month for the first service vehicle, $50 per month per additional service vehicle. Currently $150 per month for the first service vehicle, $50 per month per additional service vehicle	Monthly as invoiced	Will be debited automatically from your bank account by ACH or other means designated by us.
Software and Services Fee (Note 7)	$170 per month per service vehicle	Monthly as invoiced	We reserve the right to require you to remit this fee to us, our affiliate, or different third party vendors at any time. Currently payable to our designated third party vendor. Subject to increase by third party vendor.
Customer Service and Refunds (Note 8)	Varies	On demand	Will be debited automatically from your bank account by ACH or other means designated by us.
Local and Regional Advertising Cooperatives (Note 9)	As established by cooperative members	As established by cooperative members	If we authorize an Advertising Cooperative, fees that you pay to the cooperative will count towards the satisfaction of your Franchisee Directed Local Marketing.
Annual Conference Attendance Fee (Note 10)	Our then current conference fee, not greater than $1,500	When invoiced and before conference	Will be debited automatically from your bank account by ACH or other means designated by us.

Additional Employee Initial Training	Our then current training fee, currently $500 per person per day	When invoiced and prior to training	Under our pre-opening initial training, we will train you or your Managing Owner and one designated manager at no additional charge. This fee is for initial training, either before or after you open. Initial training is conducted at facilities we designate and you must pay for all other expenses of your trainees, including salary, travel and accommodations.
Supplemental Training	Our then current daily rate per trainer, plus expenses we incur. Current rate is $300 per day	When invoiced and prior to training	If you request or we require additional training, you must pay our then current trainer fee plus, if applicable, our expenses related to travel and accommodations.
Interest	18% per annum from due date	On demand	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
Reporting Non-Compliance	$150 per occurrence	14 days of invoice	Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.
Operations Non-Compliance	$450 to $1,000 per occurrence	14 days of invoice	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	$150 per occurrence	14 days of invoice	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit	Actual costs incurred by us	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits, including mystery shopper programs.

Management Service	Actual costs incurred by us	As invoiced	Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager.
Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
NSF Check Fee of Failed Electronic Fund Transfer	5% of amount or $50, whichever is greater, or maximum fee allowed by law	On demand	Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us.
Non-Compliance	Actual fees, costs, and expenses	On demand	Fees, costs and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement.
Supplier Review	Actual fees, costs, and expenses	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Transfer	50% of the then current initial franchise fee payable by a franchise who is new to the Vanity Fur system	On demand	Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization.
Renewal	25% of the then current initial franchise fee payable by a franchise who is new to the Vanity Fur system	On signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.
Operations Manual Replacement Fee	$500	As incurred	Charge for a replacement copy.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Explanatory Notes to Item 6
"Other Fees"

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you enter into a Multi-Unit Development Agreement or open multiple Franchise Agreements then these fees shall apply, respectively, to each and every Franchised Business. Payment is subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 4) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit the Gross Sales of your Vanity Fur Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Vanity Fur Business. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Royalty Fees – The royalty fee is a continuing monthly fee equal to 5% of Gross Sales (as applicable, the "Royalty Rate") of your monthly Gross Sales (the "Royalty Fee"). If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly and, dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective royalty fees received by us is not less than the applicable Royalty Rate of your Gross Sales.

Note 3: Gross Sales – "Gross Sales" means the total dollar sales from all business and customers of your Vanity Fur Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Vanity Fur Business and/or your Operating Territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues and sales from whatever source derived from and/or derived by you including, any person and/or Corporate Entity acting on your behalf, from business conducted within and/or outside your operating territory that is related to your Vanity Fur Business and/or a competitive business located and/or operated within your Operating Territory, outside your operating territory, and/or otherwise. Gross Sales do not include (a) sales taxes that you collect and remit to the proper taxing authority, and (b) authorized promotional discounts that you provide to customers.

Note 4: Brand Development Fund – The brand development fund fee is a continuing monthly fee equal to an amount of up to 1% of your monthly Gross Sales (the "Brand Development Fund Fee"). We reserve the right to increase the Brand Fund Fee to up to 3% of Gross Sales at any time in the future.

Note 5: Franchisee Directed Local Marketing – On an on-going calendar year quarterly basis, you must spend not less than the minimum amount we designate which is $200 to $400 per month on the local marketing of your Vanity Fur Business within your operating territory and in accordance with our standards and specifications.

Note 6: Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to

system website and intranet (the "Technology Fee"). We may charge a monthly Technology Fee in an amount equal to up to $350 per month for the first service vehicle for your Franchised Business and $50 per month for each additional service vehicle. Currently we charge a monthly Technology Fee in an amount equal to $150 per month for the first service vehicle for your Franchised Business and $50 per month for each additional service vehicle.

Note 7: Software and Services Fee – The continuing monthly software and services fee which is used, at our discretion, to defray our costs related to the required back office and customer relationship management software for your Vanity Fur Business (the "Software and Services Fee"). We reserve the right to require you to remit this fee to us, our affiliate or different third party vendors that we designate at any time in the future during the term of your Franchise Agreement. Currently, the monthly Software and Services Fee in an amount equal to $170 per month.

Note 8: Customer Service and Refunds – This fee will be charged to you based on the costs incurred by us, including refunds and credits that we may undertake on behalf of a customer that was not satisfied with the services or products of your Vanity Fur Business. If we determine that your customer is entitled to reimbursement of fees paid to you, we may reimburse your customer directly. You must reimburse us for the amounts that we reimburse your customer.

Note 9: Local and Regional Advertising Cooperatives – If two or more Vanity Fur Businesses are operating within a geographic area, region, or market designated by us (a "designated market"), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your Vanity Fur Business(s), you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each Vanity Fur Business franchisee will have one vote for each Vanity Fur Business located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate will count toward satisfaction of your minimum local marketing requirements.

Note 10: Annual Conference Attendance Fee – If we offer a franchisee annual conference in a given year you will be required to attend the conference on the dates and at the location that we designate. You will be responsible for all travel and lodging expenses. We may charge you an annual conference fee in an amount not exceeding $1,500. We reserve the right to charge the annual conference fee to those franchisees that do not attend. We will not require your attendance at an annual conference for more than three days during any calendar year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

A. Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 1)	$45,000	Lump sum	When Franchise Agreement is signed	Us
Service Vehicle and Equipment (Note 2)	$18,500 – $27,500	As arranged	As incurred	Vehicle Dealers and Suppliers
Initial Inventory (Note 3)	$1,060 – $1,590	As arranged	As incurred	Suppliers
Computer, Software and Point of Sales System (Note 4)	$675 – $2,375	As arranged	As incurred	Suppliers
Grand Opening Marketing (Note 5)	$1,000	As arranged	As incurred	Suppliers
Insurance Deposits – Three Months (Note 6)	$300 – $1,080	As arranged	As incurred	Insurers
Travel for Initial Training (Note 7)	$1,000 – $3,100	As arranged	As incurred	Airlines, hotels, restaurants
Professional Fees (Note 8)	$5,300 – $7,000	As arranged	As incurred	Attorneys, accountants, advisors
Licenses and Permits (Note 9)	$120 – $230	As arranged	As incurred	Government
Additional Funds – Three Months (Note 10)	$5,230 – $7,980	As arranged	As incurred	Us, employees, suppliers, landlord, utility suppliers
Total Estimate (Note 11)	$78,185 – $96,855			

Explanatory Notes to Item 7

Note 1: Initial Franchise Fee – The Initial Franchise Fee is $45,000 for a single franchise to operate a Vanity Fur Business within a designated Operating Territory. All fees are non-refundable. We do not finance any portion of your initial fees.

Note 2: Service Vehicle and Equipment – You must use a branded, equipped and wrapped service vehicle for all customer visits. You will need at least one service vehicle for your Franchised Businesses and may need additional service vehicle(s) depending on the size and characteristics of your Designated Territory and other factors. This estimate is for three months of lease installment payments for one service vehicle. These payments will be an on-going expense throughout the operation of your Vanity Fur Business. If you lease or finance the cost of your service vehicle, then payments will be an on-going expense throughout the operation of your Franchised Business. The service vehicle(s) and equipment must meet our standards and specifications, be registered and insured as a commercial vehicle, equipped, and be wrapped in accordance with our brand standards and specifications and be in a relatively new and clean condition. This estimate includes the costs associated with wrapping your service vehicle in accordance with our brand standards and specifications. If you elect to purchase the vehicle for your Franchised Business without financing, we estimate you will pay a lump sum of approximately $95,000 to $110,000 depending on features selected, instead of the estimated ongoing lease installment or purchase financing payments above. The costs listed here do not include any transportation or set up costs.

Note 3: Initial Inventory – You must purchase an initial opening inventory of bathing and grooming products and supplies. Based on the activity of your Vanity Fur Business you will be required to continuously restock, replenish, maintain and replace your supplies, equipment and inventory.

Note 4: Computer, Software and Point of Sales System – You are required to purchase, license and use the point of sale systems, ordering systems, surveillance cameras, and applications that we designate. Information about the point of sale and computer systems are disclosed in Item 11 of this Disclosure Document.

Note 5: Grand Opening Marketing Expense – You must spend a minimum of $1,000 prior to the opening your Vanity Fur Business to promote your grand opening. You will be required to spend this minimum amount for each service vehicle if you choose to operate more than one service vehicle. You must submit your grand opening marketing plan to us for our pre-approval.

Note 6: Insurance Deposits – Three Months – You are required to maintain certain insurance coverage. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. This estimate is for the cost of an initial deposit to obtain the minimum required insurance and, we estimate this deposit to be equal to the amount of three months of monthly insurance premium payments. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 7: Travel for Initial Training – You must complete our pre-opening training program before opening your Vanity Fur Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note 8: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, and accountants for advisories consistent with the start-up of a Vanity Fur Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the Franchise Agreement and, if applicable the Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your Vanity Fur Business.

Note 9: Licenses and Permits – You must apply for, obtain, and maintain all required permits and licenses necessary to operate a Vanity Fur Business. The licenses will vary depending on local, municipal, county and state regulations.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Note 10: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial three month period following the opening of your Vanity Fur Business. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Vanity Fur Business. In making this estimate, we have relied on the experiences of our affiliate in developing and operating a Vanity Fur Business. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Vanity Fur Business.

Note 11: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a Vanity Fur Business. We have based these estimates on the experiences of our affiliate in developing a Vanity Fur Business. These are only estimates and your costs and, the range of those costs, may vary. These estimates do not include interest and financing charges that you may incur and they do not include management level compensation payable to you or your owners. These estimates are for one Vanity Fur Business with the operation of a single Vanity Fur authorized service vehicle only. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Franchised Business that you develop.

B. Multi-Unit Development Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Area Fee (Note 1)	$90,000	Lump sum	When Franchise Agreement and Multi-Unit Development Agreement are signed	Us
Estimated Initial Investment to Open one Franchised Business (Note 2)	$78,185 – $96,855	Estimated Initial Investment is based on estimate contained in Table A, above, of this Item 7, for a Franchise Agreement. See, Table A		
Total Estimate (Note 3)	$168,185 – $186,855			

Explanatory Notes to Item 7 for a Franchise Agreement and a Multi-Unit Development Agreement

Note 1: Development Area Fee and Franchise Fees – When you sign a Multi-Unit Development Agreement you must also sign a Franchise Agreement for the first Franchised Business that you will be required to develop under your Multi-Unit Development Agreement. At the time of signing your Multi-Unit Development Agreement, in addition to paying us the Franchise Fee for your first Franchised Business, you will pay to us a Development Area Fee. The amount of the Development Area Fee varies depending on the number of additional Franchised Businesses, over and above the first Franchised Business authorized by the Franchise Agreement that you will sign with the Multi-Unit Development Agreement, that you will be authorized to develop within the Development Area.

The number of Franchised Businesses that you may be authorized to develop under a Multi-Unit Development Agreement is three. The Development Area Fee is $90,000 for the Franchised Business, over and above the first Franchised Business authorized by the Franchise Agreement that you will sign with your Multi-Unit Development Agreement. You will not be required to pay to us an Initial Franchise Fee at the

time of signing the Franchise Agreement for each additional Franchised Business, over and above the Initial Franchise Fee of $45,000 that you will pay at the time of signing the Franchise Agreement for the first Franchised Business in your Development Area and the Development Area Fee that you will pay to us at the time of signing the Multi-Unit Development Agreement.

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of one Vanity Fur Franchised Business as reflected in Table A "Franchise Agreement" of this Item 7. It is important to review Table A of this Item 7 and the Explanatory Notes to Table A in detail.

Note 3: Total Estimate – This is the total estimated investment to enter into a single unit Franchised Business Franchise Agreement and a Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, you will be granted the right to, potentially, develop and operate three Franchised Businesses. This estimate is only for the development of one Vanity Fur Franchised Business and includes the operation of a single Vanity Fur authorized service vehicle. This estimate does not include the estimated initial investment that you will incur each and every time you develop a Franchised Business under your Multi-Unit Development Agreement, except for your first Franchised Business.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may only offer and sell the Approved Services and Products that we designate and you may only use those products, supplies, equipment, technology systems, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your Vanity Fur Business in strict conformity with the Franchise Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in the Manuals.

Source Restricted Purchases and Leases – Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your Vanity Fur Business. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal and other forms of communication. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a supplier review and testing fee and we may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's

facilities. We will notify you of our approval or disapproval within a reasonable time, not to exceed 60 days, after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. When evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 75% of your total purchases and leases in establishing the Franchised Business and approximately 30% of the on-going operating expenses of your Franchised Business. Currently, neither us nor our affiliates are approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

We currently require that you purchase or lease the following source restricted goods and services from either us or our designated supplier:

1. System Supplies – You must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies from us, our affiliates, or our designated suppliers.

2. Branded Items and Marketing Materials – All materials bearing the Licensed Marks including, but not limited to, stationery, business cards, brochures, apparel, signs and displays, must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your Vanity Fur Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

3. Point of Sale System, Business Management System, and Computer Equipment – Currently, MoeGo is the designated point of sale and business management system that you must exclusively license and use in the day to day operations and overall management of your Vanity Fur Business. MoeGo is a cloud based software system that includes scheduling, client messaging, sales reporting and other functionality. There are no substitutes for our designated point of sale and business management system. Your service vehicle must also be equipped with our designated surveillance camera. You must also exclusively license and use our designated bookkeeping software for your Vanity Fur Business, currently Xendoo.

4. Credit Card Processing – You must use our designated supplier and vendor for credit card processing which may be integrated with the point of sale system that we designate. Credit card processing fees will, generally, be based on a percentage of all credit card processed Gross Sales.

5. Online Ordering, Customer Rewards, and Gift Cards – You must use our designated supplier and vendor for the ability to access and use online, point of sale integrated, web based, and/or app based, ordering, customer rewards, and/or gift card systems. Currently we have not designated a vendor for these systems. As you access and utilize these systems you will pay usage fees based on a percentage of your processed Gross Sales.

6. Service Vehicles – Your service vehicles must meet our standards and specifications, be designated and insured for commercial use, and be configured with our designated equipment, designs, and wrapped with our approved branding and vehicle wrap. Your service vehicle(s) must also be equipped with our designated surveillance camera for your Vanity Fur Business. We may request proof that your surveillance cameras are in working order from time to time. You must obtain your service vehicle(s) from our designated vendor. You may only operate your Vanity Fur Business from service vans that meet our specifications and approved wrap.

7. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

a) Coverage against direct physical loss or damage to personal property, in an amount equal to 100% of the Franchised Business' property value;

b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least $1,000,000 per occurrence and $2,000,000 in the aggregate;

c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits of at least $1,000,000;

d) Business automobile insurance, including liability insurance coverage for hired and non-owned automobiles, with a combined single bodily injury and property damage limit of at least $1,000,000 per occurrence;

e) Business interruption insurance equal to 12 months of your net income and continuing expenses including Royalty Fees;

f) Commercial umbrella liability insurance with total liability limit of at least $1,000,000;

g) Employment practices liability insurance with a limit of at least $2,000,000 including actions of a third party and a minimum limit of $100,000 for wage and hour disputes; and

h) All other insurance that we require in the Manual or that is required by law or by the lease or sublease for the Franchised Business.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Vanity Fur Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from and we may designate one vendor as your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases and we reserve the right to institute and expand rebate programs in the future. During the fiscal year ending December 31, 2023, we did not earn any revenue from suppliers based on franchisee purchases of source restricted products or services.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Table Abbreviations: "FA" – Franchise Agreement; "DA"– Multi-Unit Development Agreement

Obligation	Articles in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA: 2.A. DA: 2, 5.5, 5.6	7, 11
b. Pre-opening purchases and leases	FA: 3, 8 DA: Not applicable	7, 8
c. Site development and other pre-opening requirements	FA: 3, 4, 7, 8, 9.B. DA: 2, 5.5, 5.6	6, 7, 11
d. Initial and ongoing training	FA: 4, 7.I. DA: Not applicable	11
e. Opening	FA: 2, 3, 4, 9.B. DA: 2, 3, 4.1, 4.4, 4.5, 4.6, 4.7	11
f. Fees	FA: 3, 4.A., 5, 9, 12, 13, 14, 15, 16, 18.N. DA: 2, 4, 5.2	5, 6, 7
g. Compliance with standards and policies/manual	FA: 3, 4, 7, 8, 9, 12 DA: 2, 5	8, 11
h. Trademarks and proprietary information	FA: 6, 7, 11 DA: 2, 5	13, 14
i. Restrictions on products and services offered	FA: 3, 4.C., 7.A., 7.E., 7.F., 7.I., 8 DA: 2, 5	8, 11, 16
j. Warranty and customer service requirements	FA: 7 DA: Not applicable	16
k. Territorial development and sales quotas	FA: 2 DA: 4	12
l. Ongoing product and service purchases	FA: 3, 4.C., 5, 7 DA: Not applicable	8

m.	Maintenance, appearance and remodeling requirements	FA: 7 DA: 5	7, 17
n.	Insurance	FA: 8 DA: Not applicable	7, 8
o.	Advertising	FA: 3.F., 4.C., 7.E., 7.F., 9, 11 DA: Not applicable	6, 11
p.	Indemnification	FA: 10 DA: Not applicable	6
q.	Owner's participation, management, and staffing	FA: 4, 6, 7 DA: 2.5, 6.2	11, 15
r.	Records and reports	FA: 5, 12 DA: Not applicable	6
s.	Inspections and audits	FA: 13 DA: Not applicable	6, 11
t.	Transfer	FA: 14 DA: 6	17
u.	Renewal	FA: 15 DA: 3	17
v.	Post-termination obligations	FA: 6, 17, 18 DA: Not applicable	17
w.	Non-Competition Covenants	FA: 6, 17, 18 DA: Not applicable	17
x.	Dispute Resolution	FA: 18.F., 18.G. DA: 7	17
y.	Individual guarantee of franchisee obligations	FA: 2.C., 6, 14.C., 14.E. DA: 2.5, 6.2	9

ITEM 10
FINANCING

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

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

Pre-Opening Obligations

1. Grant of Franchise – We will grant to you the right to operate the Franchised Business within a designated operating territory. (Franchise Agreement, Article 2);

2. Site Review, and Approval of Operating Territory – At the time of signing your Franchise Agreement you will have selected and we will have approved of the Operating Territory within which you will operate the Franchised Business;

3. Multi-Unit Development Agreement Development Area – If you have entered into a Multi-Unit Development Agreement, we will designate your Development Area. The Franchised Businesses to be developed by you must be located within the Development Area. When you sign the Franchise Agreement for each respective Franchised Business we will define the Designated Territory and include the geographic boundaries and/or a description of your Designated Territory for each respective Franchised Business. (Multi-Unit Development Agreement, Section 2). Our approval or disapproval of the Designated Territories for future Franchised Businesses that may be developed under a Multi-Unit Development Agreement will be based on our then current Designated Territory criteria;

4. Manuals – We will provide you with access to our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C.). The operations manual as of the Issuance Date of this Disclosure Document currently consists of 140 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). Major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;

5. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, to the extent that we have designated them, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4);

6. Equipment – We will provide you with a list of our approved equipment to the extent that we have designated them, either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed equipment. We do not provide assistance in delivering or installing equipment. (Franchise Agreement, Articles 3 and 4);

7. Website and Digital Media – We will identify and locate your Vanity Fur Business on our website. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.F. and 9); and

8. Initial Training – Not less than 45 days prior to the opening of your Vanity Fur Business you or your Managing Owner and one management level employee or Owner must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner and one Operating Manager at our training facility located in Chino, California. The training program takes place over an approximate seven day period and is described below in this Item 11 in more detail.

Site Selection

If permitted by local law, you may locate your Administrative Office within your home residence. Otherwise, you are responsible for selecting a site for your Administrative Office and must obtain our approval of your selected location. We do not typically own or lease the real property that will serve as your Administrative Office and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Administrative Office. We will provide you with site selection guidelines.

If you sign a Multi-Unit Development Agreement then each Franchised Business must be located within the Development Area designated in the Multi-Unit Development Agreement and, as applicable, at sites that we approve within the Development Area.

Within 30 days of our written receipt and submission of all information and documentation that we may request, we will respond to your proposed request for our approval or disapproval of the proposed location of your Administrative Office. Factors that are taken into consideration include: characteristics of the proposed site; whether or not the proposed site meets our criteria for non-retail back-office operations; and the location of your proposed site relative to your overall Operating Territory and proximity to other franchisee operating territories. We also may consider the location of your proposed site relative to your overall Development Area and proximity to other Franchised Businesses, if you signed a Multi-Unit Development Agreement and your Development Area was previously designated. Subject to our approval, you must secure and designate the location of your Administrative Office within 60 days of signing your Franchise Agreement.

Time to Open

You may not open your Vanity Fur Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Operating Territory and, have obtained and provided us with written proof of the required insurance. Within 120 days from the signing of your Franchise Agreement you must open and offer services and products of your Vanity Fur Business to the customers within your Operating Territory. We estimate that the length of time between the signing of your Franchise Agreement and opening your Vanity Fur Business to be one to three months. Factors that may affect this estimated time period include, the length of time undertaken by you to satisfactorily complete our initial training program, obtaining third party lender financing, if necessary, obtaining the necessary licenses, training staff, and, leasing and wrapping a service vehicle that meets our standards and specifications.

Post-Opening Obligations

1. Communication of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Vanity Fur Business including, but not limited to, Approved Services and Products, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and as set forth in the Manuals. (Franchise Agreement, Articles 4.B. and 4.C.);

2. Marketing Standards and Approval – We will establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing media that you may use. We will respond to your request respecting the communication of our approval or disapproval of marketing media that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing media that may be used in the marketing and promotion of your Vanity Fur Business (Franchise Agreement, Article 4.B.);

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

3. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the Approved Services and Products and the System Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);

4. Annual System Conference – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. (Franchise Agreement, Article 4.B.);

5. Supplemental Training – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. If you are not meeting what we believe to be System performance standards, we may provide, in our discretion, supplemental training on-site within your Operating Territory. You will be required to pay our then current supplemental training fee, which is currently $300 per on-site trainer per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, Article 4.A.);

6. Initial Training for Replacement Operating Managers – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be completed to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our Vanity Fur Business located in Chino, California and at the certified training Vanity Fur Business that we designate in California. You will be required to pay our then current supplemental training fee for replacement Operating Manager, which is currently $500 per manager per day for each replacement manager attending our initial training. (Franchise Agreement, Articles 4.A. and 4.C.);

7. Administration of Marketing Funds – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund and/or Advertising Cooperative. (Franchise Agreement, Articles 9.A. and 9.G.);

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Services and Products are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing – You will exclusively determine the prices that you charge for the Approved Services and Products served and sold by your Vanity Fur Business. However, we may suggest pricing levels that we recommend.

Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Vanity Fur Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your operating territory. (Franchise Agreement, Article 9);

2. Franchisee Directed Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us, in our discretion (Franchise Agreement, Article 9.B.). On an on-going calendar year quarterly basis, you must spend not less than the minimum amount we designate which is $200 to $400 each calendar month on the local marketing of your Vanity Fur Business to customers located within your Operating Territory and in accordance with our standards and specifications. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Operating Territory information about your Vanity Fur Business on the www.vanityfurs.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We may control and administer a brand development fund (the "Brand Development Fund") (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a monthly sum not to exceed 1% (subject to increase to up to 3%) of monthly Gross Sales to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned Vanity Fur Businesses may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will be required to maintain unaudited financial records detailing its expenditures and will make available to you (no more frequently than one time in any 12-month period) an unaudited accounting of how the monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your Vanity Fur Business or the marketing area in which your Vanity Fur Business will be located. (Franchise Agreement, Article 9.A.). We may utilize the Brand Development Fund to develop and test various media and technologies for potential utilization and/or improvement of the operations of Vanity Fur Businesses and the marketing of Vanity Fur Businesses. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Vanity Fur Businesses. You may or may not benefit from these technology developments and improvements. (Franchise Agreement, Article 9.A.).

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not directly use the Brand Development Fund to directly market the sale of Vanity Fur Business franchises, however the advertising, marketing and brand development materials developed including, the System website, may contain basic information as to the availability of Vanity Fur Business franchises for sale and contact information for franchise inquiries.

As of December 31, 2023, we have collected $3,341 towards the Brand Development Fund. Of the $3,341 collected, we have spent 0% towards radio placement and 0% towards social media placement. $3,341 was rolled over into 2024;

5. Local and Regional Advertising Cooperative – We possess the exclusive right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your Vanity Fur Business you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per Vanity Fur Business located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members we may require that the cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your Vanity Fur Business, you will be required to participate in the cooperative in accordance with the provisions of our operations manual which we may supplement and modify from time to time (Franchise Agreement, Article 9).

As of the Issuance Date of this Disclosure Document we have not established any local or regional advertising cooperatives but reserve the right to do so in the future; and

6. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

Computer System

You are required to operate and maintain at least one new notebook computer to be used from your Administrative Office that must possess broadband internet access, accounting software, Wi-Fi and cloud storage, and a tablet computer with broadband wireless internet access for each service vehicle that you operate. You must use the Business Management System that we designate. At all times, we will possess direct access to the Business Management System used by you and we will have access to all information entered into these systems including, including information about your sales and customers. Presently, the Business Management System that you will be required to utilize and access is a version of MoeGo. The cost of the computer system that you will be required to purchase varies depending on your number of service vehicles with your estimated costs for a computer system being $150 to $1,500. You are also required to operate and maintain one surveillance camera from your service vehicle that must possess broadband internet access, Wi-Fi, and cloud storage. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer and the Business Management System. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer systems is $1,500 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. You will also be required to utilize those customer reward programs and systems that we designate. There are no contractual limitations on the frequency or cost of this obligation. We will have independent access to all of the information and data that is electronically collected and stored on your Business Management System and, as such, will have access to all data related to the sales, inventory, and financial performance of your Franchised Business.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Initial Training

If this is your first Vanity Fur Business, we will provide initial training for you or, if you are a Corporate Entity, your Managing Owner, plus one designated manager. Either you or your Managing Owner plus, your general manager, must successfully complete the initial training program to our satisfaction no later than 45 days prior to the scheduled opening of your Vanity Fur Business. The initial training program takes place over an approximate seven day period. If more than two individuals attend initial training you will be charged an additional fee per additional persons attending initial training. Although we provide you, if you are a Corporate Entity, your Managing Owner, plus your general manager with initial training at no additional fee or charge, you will be responsible for all travel expenses and employee wages related to your attendance and completion of training. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction: Welcome, Our Brand Culture, History, Mission and Vision	2	0	Chino, California Area
Marketing: Advertising, Promotions, Networking, our Products and Services, Building the Client Relationship	2	0	Chino, California Area
Personnel: Scheduling, Team Management and Development	4	0	Chino, California Area
Operations Management: Equipment Maintenance, Supplier Relationships, Safety and Security	1	15	Chino, California Area
Daily Operations: Sales Techniques, Providing Services, Daily Procedures	4	25	Chino, California Area
Financial Management: Fiscal Responsibility, Goal Setting, Franchise Reporting and Royalty Payments	2	0	Chino, California Area
Assessment: Review, Next Steps in Planning Launch Marketing	2	0	Chino, California Area
Subtotal Hours	17	40	
Total Hours	57		

Instructional materials that will be used in the initial training process includes our Manuals, live instruction, and handouts. Initial training will be conducted under the direction and supervision of our Chief Executive Officer, Jean Arellano and Corporate Trainer, Sherie Correa. For the period of November 2010 through present, Jean Arellano has been involved with operating our affiliate owned Vanity Fur business and is familiar with all aspects of operating the Franchised Business. Sherie Correa is our Corporate Trainer and has served in this role since our formation on August 30, 2021. Since September 2022 and continuing to date, Sherie Correa serves as a dog and cat groomer of a Vanity Fur franchised business. From May 30, 2017 to August 31, 2022, Sherie Correa was a dog and cat groomer for the Vanity Fur business in Eastvale, California owned and operated by our affiliate JA Mobility LLC. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.I.).

If any person fails to complete initial training to our satisfaction, or we determine after an inspection that retraining is necessary because the Franchised Business is not operating according to our standards and specifications, that person must attend a retraining session for which we may charge our then current training fee. You must pay all employee compensation and expenses during retraining. We may terminate the Franchise Agreement if the Franchised Business does not commence operation by the opening deadline with a fully-trained staff.

After the opening of your Vanity Fur Business, we reserve the right to require that you (or your Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "System-Wide Training Program") that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned Vanity Fur Business in the Chino, California area and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

ITEM 12
TERRITORY

Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate one Vanity Fur Business within a designated operating territory (your "Operating Territory"). Your Administrative Office may be located within your home or from a location that we approve of within your Operating Territory.

If we enter into a Multi-Unit Development Agreement with you, we will grant to you the right to develop a mutually agreed upon number of Vanity Fur Businesses within a specified Development Area and subject to the agreed upon Development Schedule. The first Vanity Fur Business that you develop under your Multi-Unit Agreement will be governed by the Franchise Agreement. Based on your Development Schedule obligations, you must sign our then current Franchise Agreement for all other Vanity Fur Businesses authorized by your Multi-Unit Development Agreement.

Grant of Territory

At the time of signing your Franchise Agreement, we will designate your Operating Territory. The scope of your Operating Territory will vary from the scope and size of the operating territories of other franchisees in our System and will be determined by us based on population density, demographics, and geographical boundaries. While there is no minimum size for an operating territory, your Operating Territory will, generally, be a geographic area that contains a population of approximately 150,000 to 300,000 people. Our determination as to the population within your Operating Territory will be made at the time of signing your Franchise Agreement, and will be based on raw data and without regard to demographics or other qualifying factors. We may identify your Operating Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

If we enter into a Multi-Unit Development Agreement, under the Multi-Unit Development Agreement, we will grant to you a Development Area. The size of your Development Area will vary significantly from other franchisees, will be negotiated at the time of signing your Multi-Unit Development Agreement, will depend on your agreed upon Development Schedule, and other factors, including our System development plans, and the nature of the market and demographics in which your Development Area is located.

Relocation

Your right to relocate your Vanity Fur Business and, thereby, your Operating Territory is not guaranteed and approval of a relocation request by you is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of your Operating Territory, our expansion plans, and other factors that, at the time of a relocation request, are relevant to us.

If you sign a Multi-Unit Development Agreement, you will not be granted the right to relocate your Development Area.

Establishment of Additional Franchised Businesses

You do not have the right to establish additional Vanity Fur Businesses unless you sign a Multi-Unit Development Agreement. If we enter into and sign a Multi-Unit Development Agreement you will have the right to develop a mutually agreed upon number of additional Franchised Businesses within a specified Development Area. The size of your Development Area will vary significantly from other franchisees and your right to develop additional Franchised Businesses under a Multi-Unit Development Agreement will be subject to your timely compliance with the agreed upon development schedule, your compliance with the terms of your Multi-Unit Development Agreement, and your compliance with all other agreements with us and our affiliates, including all Franchise Agreements. Our approval of future designated territories will be based on our then current territory criteria. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Franchised Businesses in the Development Area for you to meet your Minimum Performance Schedule.

Options and Rights of First Refusal to Acquire Additional Franchises

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Rights

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not open and operate, and, we will not grant another franchisee the right to open and operate a Vanity Fur Business within your Operating Territory.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Article 2.D. and Multi-Unit Development Agreement, Section 2.3), to engage in the following activities (our "Reserved Rights"): (a) operate and grant to others the right to develop and operate Vanity Fur Businesses using the System and Licensed Marks outside your Operating Territory, as we deem appropriate and irrespective of the proximity to your Operating Territory; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, your Vanity Fur Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Licensed Marks) within your Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to your Vanity Fur Business (but not utilizing the Licensed Marks) within your Operating Territory; (d) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in alternative channels of distribution including retail pet stores, the internet, within or outside your Operating Territory; (e) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in on behalf of regional and/or national customer accounts (such as national or regional businesses, and other referral sources and organizations that maintain outlets, locations, offices, facilities, and/or businesses throughout a regional or nationally (referred to as "National Accounts") within or outside your Operating

Territory; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from customers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory and Territory Rules

You must operate your Vanity Fur Business and provide the Approved Services and Products of exclusively within your Operating Territory. The marketing of your Vanity Fur Business must be targeted to your Operating Territory and you are not permitted to directly solicit customers outside of your Operating Territory. Provided that you do not engage in any Direct Solicitation of customers outside of your Operating Territory or, within the Operating Territory of another Vanity Fur Business, you may provide, subject to our written approval, Approved Services and Products within an Open Area, subject to the following definitions, rules and limited circumstances:

(a) You cannot engage in any Direct Solicitations outside of your Operating Territory. The term "Direct Solicitation" refers to and means "communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and/or other forms of marketing directed toward customers, potential customers or referral sources of a Vanity Fur Business;

(b) You cannot provide Approved Services and Products in the operating territory of another Vanity Fur Business (an "Assigned Area");

(c) An "Open Area" is a geographic area that (i) is not an Assigned Area; and (ii) is located within a 10 mile radius of your Operating Territory;

(d) You must obtain our written approval, in each instance, before providing Approved Services and Products to a customer in an Open Area; and

(e) Once an Open Area becomes an Assigned Area you will no longer be authorized to provide Approved Services and Products to any customers within the Open Area and you must turn over to us, for the benefit of another Vanity Fur Business franchisee, all information and records related to customers in the Open Area.

Competition by Us Under Different Trademarks

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

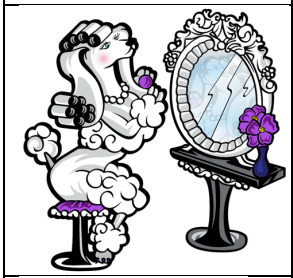
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 13
TRADEMARKS

Under the terms of the Franchise Agreement, you will be granted a license to use the "Vanity Fur" trademark and those other marks that we designate. Vanity Fur IP, LLC is the owner of the Licensed Marks and has granted to us a license with an initial 20 year term and with automatic renewal thereafter to use the Licensed Marks and to license our franchisees to use the Licensed Marks. Although the License Agreement may be terminated as a result of a breach of the License Agreement, in the event of any termination of the License Agreement, our franchisees will continue to maintain the right to use the Licensed Marks pursuant to the terms of their Franchise Agreement. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Vanity Fur Business. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the "USPTO") and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Mark	USPTO Registration Number	Registration Type	Registration Date
Vanity Fur	4202385	1A	September 4, 2012 Renewed: February 28, 2022
	6960429	1A	January 24, 2023
VanityFur	6977124	1A	February 14, 2023
It's Comfort With Convenience	6977190	1A	February 14, 2023
	7064987	1A	May 30, 2023
	7178824	1A	October 3, 2023

	7078023	1A	June 13, 2023

As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal marks. We know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.

You are required to provide us with written notice of all claims that you may become aware of concerning the Licensed Marks including your use of the Licensed Marks and/or a claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. We possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlement(s) concerning any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Franchise Agreement, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and, if applicable, Multi-Unit Development Agreement and you are in compliance with your Franchise. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights to, or licenses in any patent or copyrights material to the franchise System**.** We may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our Manuals and any supplements to the Manuals. Our Manuals may take the form of written materials and/or digitally distributed and stored materials and made available to you for use in connection with the Franchised Business. The Manuals contain information about our System, Approved Services and Products, System Supplies, proprietary products, marketing systems, training, and confidential methods of operation. You must use all reasonable and prudent means to maintain the Manuals and the information maintained in the Manuals as confidential and prevent any unauthorized copies, recordings, reproduction, or distribution of the Manuals or the information contained in the Manuals. You must restrict access to the Manuals to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Manuals and refrain from distributing or disclosing the Manuals and the information contained in the Manuals. You must provide us with immediate notice if you learn of any unauthorized use of the Manuals or of the information contained in the Manuals, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Manuals. We will take any and all action(s) or, refrain from taking action, that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Franchise Agreement requires that you or, if you are a Corporate Entity, your managing shareholder or partner be personally responsible for the daily management and supervision of the Franchised Business (the "Managing Owner"). We must approve your Managing Owner. Your Managing Owner must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate a Vanity Fur Business within your Operating Territory.

You may hire a manager to assume responsibility for the daily management and supervision of the Franchised Business only if: (a) the manager meets all of our minimum standards and criteria for managers; (b) the manager completes our initial training program; (c) the manager signs a confidentiality agreement approved by us. All of your employees and other agents and representatives who may have access to our confidential information must sign a confidentiality agreement approved by us. We do not require that the manager own any equity interest in the franchise.

You and, if you are Corporate Entity, each of your members, shareholders and/or partners (collectively, "Owners"), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and Owner's spouse must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse shall promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), you will not participate in any competitive business located within and/or servicing customers located within your Operating Territory and a 25 mile radius surrounding your Operating Territory. Further you will not participate in any

competitive business located within and/or servicing customers located within a 25 mile radius of any other Vanity Fur Business and/or the operating territory of any other Franchised Business. Your managers and all other employees and agents with access to our confidential information will be required to sign a confidentiality agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the Approved Services and Products as specified in the Manuals or otherwise approved by us in writing and you may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by Vanity Fur Businesses. You are not limited to whom you may sell products and services of your Vanity Fur Business, provided you do so exclusively within your Operating Territory and as otherwise required by us and in compliance with the standards we determine for the System.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

The Franchise Relationship Under a Franchise Agreement

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	2.B.	The term of your Franchise Agreement is 10 years
b. Renewal or extension of the term	15	If you meet our conditions for renewal you may renew your franchise for one additional 10 year term.
c. Requirements for franchisee to renew or extend	15	To renew your franchise you must be in compliance with the terms of your Franchise Agreement, provide us with 180 days prior written notice of your request to renew, sign our then current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, remodel and upgrade your Vanity Fur Business to meet our standards and specifications, and meet all other renewal requirements contained in the Franchise Agreement. Your Owners must be in compliance with their agreements with us including the Franchise Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal Franchise Agreement which may contain terms materially different from your current Franchise Agreement.
d. Termination by franchisee	16.B.	You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the

		breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with "cause"	16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
g. "Cause" defined-curable defaults	16.A.(3), 16.A.(4)	You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not intentionally and knowingly in violation of the Franchise Agreement. You will have 30 days to cure a default where you, fail to: timely lease a location that we approve for your Vanity Fur Business; timely develop and open your Vanity Fur Business; operate your Vanity Fur Business in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your Vanity Fur Business in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the operations manual; fail to operate your Vanity Fur Business in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable.
h. "Cause" defined-non-curable defaults	16.A.(1), 16.A.(2)	The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, and/or the standards specifications, and/or requirements set forth in the operations manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business or fail to maintain the required leasehold and/or ownership interests in your Vanity Fur Business Locations; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, and/or records that you record and/or submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the operations manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our

		System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business.
i. Franchisee's obligations on termination/non-renewal	6, 17	You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the operations manual, the Business Management System, the Business Management System Data, and the System Supplies; return the operations manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
j. Assignment of the contract by franchisor	14.A.	No restriction on our right to assign.
k. "Transfer" by franchisee-definition	14.B.	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting

		interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor's approval of transfer by franchisee	14.B.	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor's approval of transfer	14.C.	For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchised Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws).
n. Franchisor's right of first refusal to acquire franchisee's business	14.F.	We have the right to match any offer to purchase your Vanity Fur Business or the Corporate Entity operating your Vanity Fur Business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	14.D.	If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating

		Manager must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	6	No involvement, ownership or interest whatsoever for 24 months in any competing business in: your Operating Territory; a 25-mile radius of your Operating Territory; a 25-mile radius of the Operating Territory of any other Vanity Fur Business; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.
s. Modification of the agreement	18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clauses	18.M.	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	18.G.	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Riverside County, California and, if mediation is unsuccessful, then to binding arbitration in Riverside County, California. This provision is subject to applicable state law.
v. Choice of forum	18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Riverside County, California or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	18.F.	California law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit I to this Disclosure Document.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The Franchise Relationship Under a Multi-Unit Development Agreement

Provision	Sections in Multi-Unit Development Agreement	Summary
a. Length of the franchise term	3	Varies depending on the number of Franchised Businesses to be developed and the Development Area. The agreement commences on the effective date and the term automatically expires at the earlier of the opening of the final Franchised Business required for development, or the last day of the calendar month in which the final Franchised Business was required to be open under the Multi-Unit Development Agreement.
b. Renewal or extension of the term	Not applicable	There is no renewal of the Multi-Unit Development Agreement.
c. Requirements for franchisee to renew or extend	Not applicable	There is no renewal of the Multi-Unit Development Agreement.
d. Termination by franchisee	Not applicable	There is no option for your termination of the Multi-Unit Development Agreement.
e. Termination by franchisor without cause	Not applicable	We can terminate without cause only if you and we mutually agree, in writing, to terminate.
f. Termination by franchisor with "cause"	3.2	We may terminate your Multi-Unit Development Agreement with cause. Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Franchised Businesses within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Franchised Businesses in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Franchised Business and/or any other Franchise Agreement between you and us.
g. "Cause" defined-curable defaults	Not applicable	Not applicable.

h. "Cause" defined-non-curable defaults	3.2	Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Franchised Businesses within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Franchised Businesses in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Franchised Business and/or any other Franchise Agreement with us.
i. Franchisee's obligations on termination/non-renewal	Not applicable	You lose all rights under the Multi-Unit Development Agreement. There are no renewal rights respecting the Multi-Unit Development Agreement.
j. Assignment of the contract by franchisor	6	There are no restrictions on our right to assign.
k. "Transfer" by franchisee-definition	6	You have no right to transfer the Multi-Unit Development Agreement.
l. Franchisor's approval of transfer by franchisee	6	You have no right to transfer the Multi-Unit Development Agreement.
m. Conditions for franchisor's approval of transfer	6	You have no right to transfer the Multi-Unit Development Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	Not applicable	Not applicable.
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable as to Multi-Unit Development Agreement. However, each Franchised Business developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.

r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable as to Multi-Unit Development Agreement. However, each Franchised Business developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.
s. Modification of the agreement	5.4, 7.11	Only by written agreement between you and us or if governing law requires a modification. We can change the form of the Franchise Agreement for future Franchised Businesses which will not alter your obligations under the Multi-Unit Development Agreement.
t. Integration/merger clauses	7.12	The Multi-Unit Development Agreement is the entire agreement between you and us relating to the development of the Exclusive Territory. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	7.5, 7.6	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Riverside County, California and, if mediation is unsuccessful, then to binding arbitration in Riverside County, California. This provision is subject to applicable state law.
v. Choice of forum	7.5, 7.6	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Riverside County, California or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed. This provision is subject to applicable state law.
w. Choice of law	7.57.6	California law will govern. However, this provision is subject to state law and as otherwise disclosed in Exhibit I to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

DEFINITIONS

(a) Average – means the sum of all data points in a set, divided by the number of data points in that set.

(b) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(c) Company Owned Outlet – means a Franchised Business owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document that operates a Franchised Business. A Company Owned Outlet also includes any Franchised Business that: (i) is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document; and (ii) is managed by us our affiliate or any person identified in Item 2.

(d) Cost of Services Provided – means the cost of acquiring merchandise sold to customers, and all materials and supplies directly used to prepare products and/or perform services sold to customers.

(e) Disclosed Expenses – refers to a limited selection of expenses as disclosed below in this Item 19, comprised of the following select expense categories: advertising, insurance expenses, employee labor, office expenses, professional fees, merchant fees, license fees, automobile expenses, grooming supplies, other operating expenses and franchisor related charges for royalty fees, brand development fund fees, and local marketing expenditures.

(f) Franchise Outlet(s) – means a Vanity Fur Franchised Business operated under a Franchise Agreement that is not a Company Owned Outlet.

(g) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Local Marketing Fees, Technology Fees, and Software and Services Fees. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

(h) Gross Profit – means Gross Sales less Cost of Services Provided and Labor Costs. Gross Profit is not the same as Net Profit.

(i) Gross Sales – means the total revenue derived by each Vanity Fur Business less only sales tax, discounts, allowances and returns.

(j) Labor Cost – means the direct non-owner labor expenses incurred in the operations of the Outlet, comprised of wages, payroll taxes, and paid employee benefits, if any. Labor Cost does not include compensation paid to an owner operator of either a Franchise Outlet or Company Owned Outlet.

(k) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that

for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operational throughout the 2022 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2022 Calendar Year.

(l) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Owned Outlet remained in operational throughout the 2022 Calendar Year, it would qualify as an Operational Franchise Owned Outlet during the 2022 Calendar Year.

(m) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2022 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2022 Calendar Year.

(n) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2021, as to the 2021 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2022 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2022 Calendar Year.

(o) Outlet – refers to a Vanity Fur Franchised Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

(p) YOY Sales Growth – refers to the year over year calculation of the percentage of growth or decline of Gross Sales when comparing two Calendar Years.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Franchise Outlets is based on information reported to us by our franchisees. Data for our Company Owned Outlet is based on information reported to us by our affiliate. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLET

We currently have one Operational Company Owned Outlet. Our Company Owned is located in Eastvale, California and was established and began operations in November 2010. This Company Owned Outlet is representative of the Franchised Business; however, our Operational Company Owned Outlet currently operates two vehicles which would be optional for Franchised Businesses. During the 2022 Calendar Year, our Operational Company Owned Outlet operated four vehicles five days per week for approximately 8.5 hours each day until September 2022 when two vehicle(s) were sold to a franchisee. During the 2023 Calendar Year, our Operational Company Owned Outlet operated two vehicles five days per week for approximately 8.5 hours each day. Operating additional vehicles allowed our Company Owned Outlet more capacity to provide the Approved Services and Products and earn higher Gross Sales than if it had a single vehicle. If you choose to acquire and operate additional vehicles your costs will increase and you will pay higher fees to us (See, Item 6).

Material financial and operational characteristics that are reasonably anticipated to differ from future Operational Franchise Outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlet as a result of our extensively experienced management team; (b) the number of vehicles an Outlet operates; (c) brand recognition within the local market in which our Company Owned Outlet operates; and (d) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as royalties and a brand development fund fee.

Below we report select financial performance data as to our Company Owned Outlet during the respective Calendar Year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 1

Company Owned Outlet: Eastvale, California		
	January 2022 – August 2022	
	Total	**%[1]**
Gross Sales	**$293,063**	**100.00%**
Less:		
Labor Cost	($136,813)	46.68%
Cost of Services Provided	($ 13,045)	4.45%
Total Labor Cost and Cost of Services Provided	($149,858)	51.14%
Gross Profit	**$143,205**	**48.86%**
Less: Disclosed Expenses		
Van Expenses	($ 25,170)	8.59%
Truck and Trailer Expenses	($ 30,874)	10.53%
Insurance Expense	($ 3,165)	1.08%
Merchant Fees	($ 1,393)	0.48%
Grooming Supplies	($ 146)	0.05%
Professional Fees	N/A	N/A
License Fee	($ 57)	0.02%
All Other Operating Expenses	($ 13,333)	4.55%
Total Disclosed Expenses	**($ 74,138)**	**25.30%**
Adjusted Gross Profit	**$ 69,067**	**23.57%**
Less: Adjustments for Franchise Related Expenses		
Royalty Fee[2]	($ 14,653)	5.00%
Brand Development Fund Fee[3]	($ 2,930)	1.00%
Local Marketing[4]	($ 4,800)	1.64%
Technology Fee[5]	($ 2,000)	0.68%
Software and Services Fee[6]	($ 5,088)	1.74%
Adjusted Gross Profit After Disclosed Expenses and Franchise Related Expenses	**$ 39,596**	**13.51%**

Outlet Information: The Operating Territory for our Company Owned Outlet, which operated four vehicles, was comprised of the equivalent of two Operating Territories under two separate Franchise Agreements. In September 2022, one of the two Operating Territories and two of the four service vehicles of our Company Owned Outlet were sold to a franchisee and became a part of a New Franchise Outlet. We only include Gross Sales for all two Operating Territories during the period of time in the 2022 Calendar Year that they were owned and operated as a part of our Company Owned Outlet. We do not include Gross Sales for the one Operating Territory after the date such Operating Territory was transferred to a franchisee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 2

Company Owned Outlet: Eastvale, California				
	September 2022 – December 2022		**2023 Calendar Year**	
	Total	**%[1]**	**Total**	**%[1]**
Gross Sales	**$ 92,645**	**100.00%**	**$ 249,831**	**100.00%**
Less:				
Labor Cost	($ 38,544)	41.60%	($ 85,793)	34.34%
Cost of Services Provided	($ 4,451)	4.80%	($ 15,373)	6.15%
Total Labor Cost and Cost of Services Provided	($ 42,995)	46.41%	($101,166)	40.49%
Gross Profit	**$ 49,650**	**53.59%**	**$ 148,665**	**59.51%**
Less: Disclosed Expenses				
Van Expenses	($ 7,071)	7.63%	($ 12,974)	5.19%
Truck and Trailer Expenses	($ 8,378)	9.04%	($ 13,150)	5.26%
Insurance Expense	($ 4,103)	4.43%	($ 12,045)	4.82%
Merchant Fees	($ 1,232)	1.33%	($ 2,121)	0.85%
Grooming Supplies	($ 1,733)	1.87%	N/A	N/A
Professional Fees	($ 885)	0.96%	($ 7,485)	3.00%
License Fee	($ 170)	0.18%	($ 253)	0.10%
All Other Operating Expenses	($ 1,719)	2.95%	($ 59,439)	23.79%
Total Disclosed Expenses	($ 25,291)	27.30%	($107,467)	43.02%
Adjusted Gross Profit	**$ 24,359**	**26.29%**	**$ 41,198**	**16.49%**
Less: Adjustments for Franchise Related Expenses				
Royalty Fee[2]	($ 4,632)	5.00%	($ 12,492)	5.00%
Brand Development Fund Fee[3]	($ 926)	1.00%	($ 2,498)	1.00%
Local Marketing[4]	($ 4,800)	5.18%	($ 4,800)	1.92%
Technology Fee[5]	($ 600)	0.65%	($ 1,800)	0.72%
Software and Services Fee[6]	($ 1,272)	1.37%	($ 2,040)	0.82%
Adjusted Gross Profit After Disclosed Expenses and Franchise Related Expenses	**$ 12,129**	**13.09%**	**$ 17,568**	**7.03%**

Outlet Information: The Operating Territory for our Company Owned Outlet, which operated four vehicles, was comprised of the equivalent of two Operating Territories under two separate Franchise Agreements. As to the 2022 Calendar Year, the data in this Table 2 is limited to the Gross Sales for the remaining one Operating Territory that is still owned and operated as a part of our Company Owned Outlet after the sale of the other Territory and service vehicles to a franchisee during the 2022 Calendar Year. We do not include Gross Sales for the one Operating Territory after the date such Operating Territory was transferred to a franchisee. As to the 2023 Calendar Year, our Company Owned Outlet which was comprised of the equivalent of one Operating Territory under one Franchise Agreement, operated two vehicles.

Notes to Tables 1 to 2

[1] "%" – Represents a percentage of the total Gross Sales.

[2] Royalty Fee – The Royalty Fee is a continuing monthly fee equal to 5% of Gross Sales.

[3] Brand Development Fund Fee – The Brand Development Fund Fee is a continuing monthly fee equal to an amount of up to 1% of your monthly Gross Sales. We reserve the right to increase the Brand Development Fund Fee to up to 3% of Gross Sales at any time in the future.

[4] Local Marketing – On an on-going calendar year monthly basis, you must spend not less than the minimum amount we designate of $100 or $400, depending on your vehicle's capacity, each calendar month on the local marketing of your Vanity Fur Business within your operating territory and in accordance with our

standards and specifications. The Local Marketing obligation for the Company Owned Outlet would be $400 per month.

[5] Technology Fee – The Technology Fee is a continuing monthly fee equal to an amount of up to $350 per month for the first service vehicle for your Franchised Business and $50 per month for each additional service vehicle. Currently, the Technology Fee we charge is equal to an amount of $150 per month for the first service vehicle for your Franchised Business and $50 per month for each additional service vehicle. However, as to the 2022 Calendar Year, the Technology Fee was equal to an amount of $100 per month for the first service vehicle.

[6] Software and Services Fee – Currently, the Software and Services Fee is a continuing monthly fee that is currently equal to an amount of $170 per month per service vehicle. However, as to the 2022 Calendar Year, the Software and Services Fee was equal to an amount of $150 per month.

Table 3

Gross Sales Breakdown – Appointments and Pets
Company Owned Outlet
2022 and 2023 Calendar Years

Calendar Year	Total Gross Sales	Total Appointments	Average Gross Sales per Appointment	Total Pets Serviced	Average Gross Sales per Pet
2022	$385,708	3,383	$114.01	4,837	$79.74
2023	$249,831	1,740	$143.58	2,563	$97.47

Appointment – means a completed session during which the Company Owned Outlet provided Approved Services and Products for a customer. Each Appointment may provide the Approved Services and Products for a single Pet or for multiple Pets for the same customer. Appointments are not the same as customers and a single customer may have multiple Appointments. Cancellations are not included.

Pets – means the number of individual pets that were provided Approved Services and Products regardless of the number of Appointments.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 4

Comparative Gross Sales Achieved Company Owned Outlet		
Months of Operation	**Gross Sales 2022 Calendar Year**	**Gross Sales 2023 Calendar Year**
January	$ 36,264	$20,959
February	$ 36,071	$19,573
March	$ 43,354	$22,454
Total First Quarter	**$ 115,689**	**$62,986**
April	$ 40,303	$20,550
May	$ 36,407	$18,641
June	$ 38,178	$19,987
Total Second Quarter	**$ 114,888**	**$59,178**
July	$ 38,473	$21,315
August	$ 41,086	$14,451
September	$ 18,423	$18,985
Total Third Quarter	**$ 97,982**	**$54,751**
October	$ 17,708	$23,925
November	$ 18,974	$22,936
December	$ 20,467	$26,056
Total Fourth Quarter	**$ 57,149**	**$72,917**
Totals	**$ 385,708**	**$249,831**

Table 5

Breakdown of Truck Repairs Company Owned Outlet 2022 Calendar Year[1]			
	January – August	September – December	Total
Propane R&M	$14,030	$5,781	$19,811
Generator R&M	$8,032	$1,699	$9,731
Vehicle R&M	$3,517	$80	$3,597
Trailer R&M	$5,295	$819	$6,114
Total Repairs	$30,874	$8,378	$39,253

[1] 2022 Calendar Year – The Operating Territory for our Company Owned Outlet, comprised of the equivalent of two Operating Territories under two separate Franchise Agreements, operated four service vehicles. In September 2022 two of the four service vehicles were sold to a franchisee. From September 2022 through the remainder of the 2022 Calendar Year, our Company Owned Outlet operated two service vehicles.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 6

Breakdown of Service Vehicle Repairs Company Owned Outlet 2023 Calendar Year[1]	
	2023 Calendar Year
Propane R&M	$4,075
Generator R&M	$1,771
Truck and Trailer R&M[2]	$4,508
Total Repairs	$10,354

[1] 2023 Calendar Year – The Operating Territory for our Company Owned Outlet, comprised of the equivalent of one Operating Territory under one Franchise Agreements, operated two service vehicles.

[2] Truck and Trailer R&M – We no longer permit trucks and/or trailers as an option to serve as the service vehicle for the Franchised Business due to the high costs associated with repairs and maintenance. As of the Issuance Date of this Disclosure Document, we only permit van service vehicles for the Franchised Business.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ANALYSIS OF RESULTS OF FRANCHISE OUTLETS

During the 2022 Calendar Year we had one New Franchise Outlets and no Operational Franchise Outlets. During the 2023 Calendar Year we had two Operational Franchise Outlets. In this Item 19, as to each respective Calendar Year, we provide data related to our Operational Franchise Outlets and do not include data for New Franchise Outlets. Our Operational Franchise Outlets are comprised of:

Chino Hills, California – This Franchise Outlet is located in Chino Hills, California comprised of one Operating Territory with a population of approximately 300,000 people and operates two vehicles. This Franchise Outlet was originally established and opened for business in November 2010 as a Company Owned Outlet and became a Franchise Outlet in September 2022. During the 2023 Calendar Year, this Franchise Outlet operated two truck and trailer service vehicles five days per week for approximately nine hours each day.

Menifee, California – This Franchise Outlet is located in Menifee, California comprised of one Operating Territory with a population of approximately 300,000 people and operates one vehicle. This Franchise Outlet opened for business on January 1, 2023 and qualifies as an Operational Franchise Outlet. During the 2023 Calendar Year, this Franchise Outlet operated one truck and trailer service vehicle three days per week for approximately nine hours each day.

Table 7

Franchise Outlet: Chino Hills, California		
	2023 Calendar Year	
	Total	**%[1]**
Gross Sales	**$ 306,746**	**100.00%**
Less:		
Labor Cost	($ 95,368)	31.09%
Cost of Services Provided	($ 8,106)	2.64%
Total Labor Cost and Cost of Services Provided	($103,474)	33.73%
Gross Profit	**$ 203,272**	**66.27%**
Less: Disclosed Expenses		
Van Expenses	($ 15,946)	5.20%
Truck and Trailer Expenses	($ 23,178)	7.56%
Insurance Expense	($ 9,364)	3.05%
Merchant Fees	($ 289)	0.09%
Professional Fees	($ 3,540)	1.15%
License Fee	($ 0)	0.00%
All Other Operating Expenses	($ 11,322)	3.69%
Total Disclosed Expenses	($ 63,639)	20.75%
Adjusted Gross Profit	**$ 139,633**	**45.52%**
Less: Adjustments for Franchise Related Expenses		
Royalty Fee[2]	($ 15,337)	5.00%
Brand Development Fund Fee[3]	($ 3,067)	1.00%
Local Marketing[4]	($ 1,200)	0.39%
Technology Fee[5]	($ 1,800)	0.59%
Software and Services Fee[6]	($ 2,040)	0.67%
Adjusted Gross Profit After Disclosed Expenses and Franchise Related Expenses	**$ 116,189**	**37.88%**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 8

Franchise Outlet: Menifee, California		
	2023 Calendar Year	
	Total	**%[1]**
Gross Sales	**$ 97,697**	**100.00%**
Less:		
Labor Cost	($ 0)	0.00%
Cost of Services Provided	($ 4,031)	4.13%
Total Labor Cost and Cost of Services Provided	($ 4,031)	4.13%
Gross Profit	**$ 93,666**	**95.87%**
Less: Disclosed Expenses		
Van Expenses	($ 5,969)	6.11%
Truck and Trailer Expenses	($ 3,978)	4.07%
Insurance Expense	($ 2,683)	2.75%
Merchant Fees	($ 4)	0.004%
Professional Fees	($ 2,089)	2.14%
License Fee	($ 0)	0.00%
All Other Operating Expenses	($ 4,186)	4.28%
Total Disclosed Expenses	($18,909)	19.35%
Adjusted Gross Profit	**$ 74,757**	**76.52%**
Less: Adjustments for Franchise Related Expenses		
Royalty Fee[2]	($ 4,885)	5.00%
Brand Development Fund Fee[3]	($ 977)	1.00%
Local Marketing[4]	($ 2,400)	2.46%
Technology Fee[5]	($ 1,800)	1.84%
Software and Services Fee[6]	($ 2,040)	2.09%
Adjusted Gross Profit After Disclosed Expenses and Franchise Related Expenses	**$ 62,655**	**64.13%**

Notes to Tables 7 to 8

[1] "%" – Represents a percentage of the total Gross Sales.

[2] Royalty Fee – The Royalty Fee is a continuing monthly fee equal to 5% of Gross Sales.

[3] Brand Development Fund Fee – The Brand Development Fund Fee is a continuing monthly fee equal to an amount of up to 1% of your monthly Gross Sales. We reserve the right to increase the Brand Development Fund Fee to up to 3% of Gross Sales at any time in the future.

[4] Local Marketing – On an on-going calendar year monthly basis, you must spend not less than the minimum amount we designate of $100 or $400, depending on your vehicle's capacity, each calendar month on the local marketing of your Vanity Fur Business within your operating territory and in accordance with our standards and specifications. The minimum Local Marketing obligation for the Chino Hills, California Franchise Outlet in Table 7 is $100 per month based on the respective franchisee's vehicle's capacity and the minimum Local Marketing obligation for the Menifee, California Franchise Outlet in Table 8 is $200 per month based on the respective franchisee's vehicle's capacity.

[5] Technology Fee – The Technology Fee is a continuing monthly fee equal to an amount of up to $350 per month for the first service vehicle for your Franchised Business and $50 per month for each additional service vehicle. Currently, the Technology Fee we charge is equal to an amount of $150 per month for the first service vehicle for your Franchised Business and $50 per month for each additional service vehicle.

[6] Software and Services Fee – Currently, the Software and Services Fee is a continuing monthly fee that is currently equal to an amount of $170 per month per service vehicle.

Table 9

Gross Sales Breakdown – Appointments and Pets Operational Franchise Outlets 2023 Calendar Year					
Franchise Outlet	**Total Gross Sales**	**Total Appointments**	**Average Gross Sales per Appointment**	**Total Pets Serviced**	**Average Gross Sales per Pet**
Chino Hills, CA	$306,746	1,987	$154.37	2,750	$111.54
Menifee, CA	$97,697	731	$133.64	936	$104.37

Appointment – means a completed session during which the respective Franchise Outlet provided Approved Services and Products for a customer. Each Appointment may provide the Approved Services and Products for a single Pet or for multiple Pets for the same customer. Appointments are not the same as customers and a single customer may have multiple Appointments. Cancellations are not included.

Pets – means the number of individual pets that were provided Approved Services and Products regardless of the number of Appointments.

Table 10

Comparative Gross Sales Achieved Franchise Outlets			
	Franchise Outlet: Chino Hills, CA		**Franchise Outlet: Menifee, CA**
Months of Operation	**Gross Sales 2023 Calendar Year**		**Gross Sales 2023 Calendar Year**
January	$20,964		$2,280
February	$20,193		$5,590
March	$21,181		$8,957
Total First Quarter	**$62,338**		**$16,827**
April	$22,291		$9,621
May	$19,924		$7,013
June	$25,471		$10,819
Total Second Quarter	**$67,686**		**$27,453**
July	$26,220		$7,493
August	$27,844		$7,705
September	$28,709		$11,070
Total Third Quarter	**$82,773**		**$26,268**
October	$30,808		$7,675
November	$32,359		$9,545
December	$30,782		$9,930
Total Fourth Quarter	**$93,949**		**$27,150**
Totals	**$306,746**		**$97,697**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 11

Breakdown of Service Vehicle Repairs Franchise Outlets 2023 Calendar Year		
	Franchise Outlet: Chino Hills, CA[1]	**Franchise Outlet: Menifee, CA[2]**
	2023 Calendar Year	2023 Calendar Year
Propane R&M	$4,485	$2,132
Generator R&M	$4,112	$406
Truck and Trailer R&M[3]	$14,580	$1,440
Total Repairs	$23,177	$3,978

[1] Chino Hills, CA – This Outlet is comprised of one Operating Territory and, during the 2023 Calendar Year, this Outlet operated two truck and trailer service vehicles.

[2] Menifee, CA – This Outlet is comprised of one Operating Territory and, during the 2023 Calendar Year, this Outlet operated one truck and trailer service vehicle.

[3] Truck and Trailer R&M – We no longer permit trucks and/or trailers as an option to serve as the service vehicle for the Franchised Business due to the high costs associated with repairs and maintenance. As of the Issuance Date of this Disclosure Document, we only permit van service vehicles for the Franchised Business.

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

Other than the preceding financial performance representations, Vanity Fur Franchising, LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Vanity Fur Franchising, LLC at 12495 Limonite Avenue, #1023, Eastvale, California 91752 and (866) 696-7382, the Federal Trade Commission, and the appropriate state regulatory agencies.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	1	+1
	2023	1	2	+1
Company Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	1	1	0
	2022	1	2	+1
	2023	2	3	+1

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 to 2023

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	0

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE NO. 3
STATUS OF FRANCHISED OWNED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
California	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Totals	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arizona	0	1	1
California	0	2	0
Texas	0	2	0
TOTAL	0	5	1

Notes to Tables:

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

Exhibit G to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.

Exhibit H to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements for December 31, 2023, December 31, 2022 and December 31, 2021. We were established on August 30, 2021 and our fiscal year ends on December 31.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ITEM 22
CONTRACTS

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit E	Franchise Agreement
Exhibit F	Multi-Unit Development Agreement
Exhibit I	State Specific Addenda

Schedules and Exhibits to the Franchise Agreement

Schedule 1	Operating Territory Acknowledgement
Schedule 2	Statement of Franchisee's Owners
Exhibit 1	Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2	Confidentiality Agreement
Exhibit 3	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 4	ACH Authorization Form
Exhibit 5	General Release

Schedules and Exhibits to the Multi-Unit Development Agreement

Schedule A	Development Information Sheet

Individual state law may supersede the provisions contained in your Franchise Agreement and, if applicable, your Multi-Unit Development Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit I of this Disclosure Document.

ITEM 23
RECEIPTS

Two copies of a detachable receipt in Exhibit K are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Jean Arellano, Vanity Fur Franchising, LLC, 12495 Limonite Avenue, #1023, Eastvale, California 91752. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A
STATE ADMINISTRATORS

List of State Administrators

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii
Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, IN 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
P.O. Box 30213
Lansing, MI 48909

Minnesota
Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

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

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota
Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor, Department 414
Bismarck, ND 58505-0510
Phone 701-328-4712

List of State Administrators (continued)

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

Agents for Service of Process

Vanity Fur Franchising, LLC,
12495 Limonite Avenue, #1023, Eastvale, California 91752
Attn: Jean Arellano, President

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut
Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii
Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

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

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York
Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota
North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island
Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Securities Administrator
Washington Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin
Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C
OPERATIONS MANUAL TABLE OF CONTENTS

VANITY FUR FRANCHISING, LLC
Operations Manual Table of Contents

Section	Page
Introduction to the Vanity Furs Franchise Operations Manual	1
Confidentiality of the Operations Manual	2
Nondisclosure Agreement	3
SECTION 1: INTRODUCTION	**4-15**
1.1 Welcome Letter	
1.2 Vanity Furs History	
1.3 Vanity Furs Culture, Mission and Vision	
1.4 Franchisor and Franchisee Relationship	
1.5 Training	
1.5.1 Scheduling Initial Training	
1.5.2 Training Outline	
1.6 Pre-Opening Checklist	
SECTION 2: ESTABLISHING THE BUSINESS	**16-36**
2.1 Business Overview	
2.1.1 Business Structure	
2.1.2 Overview of Entity Choices	
2.1.3 Naming Your Entity	
2.1.4 Employer Identification Number	
2.1.5 Setting up Banking Relationships	
2.2 Office and Storage Site Selection Process	
2.2.1 Site Selection Criteria	
2.2.2 Office Approval	
2.3 Licenses, Permits and Taxes	
2.3.1 Introduction	
2.3.2 Business Licenses and Permits	
2.3.3 Tax Registrations and Payments	
2.3.4 State Information Web Sites	
2.4 Approved Vehicles	
2.4.1 Types and Specifications	
2.4.2 Signage	
2.4.3 Maintenance	
2.4.4 Storage/Parking	
2.5 Setting Up Your Office and Storage	
2.5.1 Required Furnishings and Equipment	
2.5.2 Utilities and Services	
2.5.3 Initial Inventory and Supplies	
2.5.4 List of Approved Suppliers	
2.6 Networking and Establishing Relationships	
2.7 Insurance Coverage	
2.7.1 General Insurance Requirements	
2.7.2 Minimum Coverage Amounts	
SECTION 3: PERSONNEL	**37-54**
3.1 Introduction	
3.2 Employment Law Basics	
3.2.1 Employee Rights/Employer Responsibilities	
3.2.2 Federal Regulations on Employment Relationships	

3.2.3 State Employment Laws
3.2.4 OSHA
3.3 Job Descriptions
3.3.1 Job Responsibilities
3.4 Recruiting Employees
3.4.1 Profile of Ideal Employee
3.4.2 Sources of Employee Candidates
3.4.3 Job Advertisements
3.5 Job Applications
3.5.1 Application Form
3.5.2 Confidentiality of Applications
3.6 Interviewing Job Applicants
3.6.1 Preparing for Interviews
3.6.2 Conducting Successful Interviews
3.6.3 Questions to Avoid
3.7 New Employee Paperwork
3.8 New Employee Orientation
3.9 New Employee Training
3.10 Personnel Policies
3.11 Employee Scheduling
3.12 Performance Evaluations
3.13 Terminating Employees

SECTION 4: MARKETING THE BUSINESS **55-80**
4.1 Promoting the Business in Your Area
4.1.1 Your General Obligations
4.1.2 Educating the Public
4.1.3 Guidelines for Using Logos and Marks
4.1.4 Marketing Standards
4.1.5 Website and Web Design
4.2 Brand Specifications
4.2.1 Logo
4.2.2 Brand Standards
4.2.3 Electronic Media and Communications
4.3 Obtaining Marketing Approval
4.4 Required Marketing Expenditures
4.4.1 System Marketing
4.4.2 Local Marketing Requirements
4.5 Local Marketing
4.5.1 Planning and Budgeting
4.5.2 Promoting the Brand via Website
4.5.3 Internet Advertising
4.5.4 Social Media
4.5.5 Guerilla Marketing
4.5.6 Print and Flyers
4.5.7 Event Marketing
4.5.8 Networking
4.5.9 Email and Newsletters
4.5.10 Direct Mail
4.5.11 Other Traditional Tactics / Outdoor
4.6 Public Relations/Community Involvement
4.6.1 Press Releases
4.6.2 Community Building
4.6.3 Business-to-Business Groups and Associations
4.6.4 Grand Opening

SECTION 5: OPERATING PROCEDURES **81-120**

5.1 Introduction
5.2 Our Approved Services and Products
5.3 The Importance of Customer Satisfaction
5.3.1 The Client Experience
5.3.2 Handling Complaints
5.4 Customer Relationship Management (CRM)
5.4.1 Booking Procedures
5.4.2 Scheduling
5.4.3 Follow up
5.5 Performing Services
5.5.1 Morning Checklists
5.5.2 Greeting Clients
5.5.3 Job Protocols
5.5.4 End of Day Checklists
5.6 Office Procedures
5.6.1 Minimum Hours of Operations
5.6.2 Office/Storage Cleaning Guidelines
5.6.3 Filing
5.6.4 Accepting Payment
5.7 Accounting and Financial Management
5.7.1 Suggested Revenue Reports
5.7.2 Banking Procedures
5.7.3 Accounting and Bookkeeping
5.8 Safety and Security
5.9 Franchise Fees and Reporting Requirements
5.9.1 Royalty Fee
5.9.2 Brand Development Fee
5.9.3 Other Fees
5.9.3 Required Reporting
5.9.4 Financial Statements
5.9.5 Sample Chart of Accounts

EXHIBITS **120-140**

TOTAL PAGES: **140**

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
FINANCIAL STATEMENTS

Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
1312 Norwood Dr STE 100, Bedford, Texas 76022
Cell: 214-200-5434
Mmetwally@metwallycpa.com

CONSENT

Metwally CPA PLLC consents to the use in the Franchise Disclosure Document issued by Vanity Fur Franchising, LLC ("Franchisor") on April 18, 2024, as it may be amended, of our report dated April 18, 2024, relating to the financial statements of Franchisor for the year ending December 31, 2023.

Metwally CPA PLLC
Metwally CPA PLLC
April 18, 2024

Vanity Fur Franchising, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2023 and 2022

Table of Contents

Independent Auditor's Report 3

Balance Sheets 5

Statements of Operations 6

Statements of Members' Equity (Deficit) 7

Statements of Cash Flows 8

Notes To Financial Statements 9

Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Vanity Fur Franchising, LLC

Opinion

We have audited the accompanying financial statements of Vanity Fur Franchising, LLC (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vanity Fur Franchising, LLC as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vanity Fur Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vanity Fur Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are 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 statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Vanity Fur 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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vanity Fur 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.

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
April 18, 2024

Vanity Fur Franchising, LLC
Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 12,593	$ 18,898
Accounts receivable	2,125	924
Total Current Assets	**14,718**	**19,822**
Non-Current Assets		
Property, plant and equipment, net	1,460	968
Total Non-Current Assets	**1,460**	**968**
Total Assets	**$ 16,178**	**$ 20,790**
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	$ 18,732	$ 12,236
Total Current Liabilities	**18,732**	**12,236**
Total Liabilities	**18,732**	**12,236**
Members' Equity (Deficit)		
Members' equity (deficit)	(2,554)	8,554
Total Members' Equity (Deficit)	**(2,554)**	**8,554**
Total Liabilities and Members' Equity (Deficit)	**$ 16,178**	**$ 20,790**

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Statements Of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Royalties	$ 17,243	$ 4,792
Brand fund fees	3,712	-
Tech fees	3,600	-
Total Revenues	**24,555**	**4,792**
Operating Expenses		
General and administrative	50,410	16,656
Advertising and marketing	32,501	27,326
legal and professional fees	9,335	123,681
Salaries and wages	10,676	-
Deprecation expense	508	57
Total Operating Expenses	**103,430**	**167,720**
Other Income (Expense)		
Interest expense	(2,122)	(157)
Total Other Income/ (Loss)	**(2,122)**	**(157)**
Net Income / (Loss)	**$ (80,997)**	**$ (163,084)**

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Statements of Members' Equity (Deficit)
Years Ended December 31, 2023 and 2022

Members' Equity At December 31, 2021	**$ 8,029**
Members' contributions	163,610
Net income (loss)	(163,084)
Members' Equity At December 31, 2022	**$ 8,554**
Members' contributions	70,191
Members' distributions	(302)
Net income (loss)	(80,997)
Members' Equity (Deficit) At December 31, 2023	**$ (2,554)**

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Statements Of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net income / (loss)	$ (80,997)	$ (163,084)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	508	57
Change in assets and liabilities		
Accounts receivable	(1,201)	(924)
Accounts payable	6,496	10,360
Net Cash Provided By (Used In) Operating Activities	**(75,194)**	**(153,591)**
Cash Flows From Investing Activities		
Purchase of property and equipment	(1,000)	(1,025)
Net Cash Flows Provided By (Used In) Investing Activities	**(1,000)**	**(1,025)**
Cash Flows From Financing Activities		
Members' contributions	70,191	163,610
Members' distributions	(302)	-
Net Cash Flows Provided By (Used In) Financing Activities	**69,889**	**163,610**
Net Change In Cash And Cash Equivalent During The Year	**(6,304)**	**8,994**
Cash and cash equivalent - beginning of the year	18,898	9,905
Cash And Cash Equivalent - End of The Year	**$ 12,593**	**$ 18,898**
Supplemental Disclosures		
Taxes paid	163	1,600
Interest paid	2,122	157

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Notes To Financial Statements
December 31, 2023 and 2022

1. COMPANY AND NATURE OF OPERATIONS

Vanity Fur Franchising, LLC (the "Company") was established in the state of California in September 2021, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own pet services business. The Company offers qualified individuals the right to operate a business that offers a mobile pet salon that provides pet bathing and grooming and, other services and products under the "Vanity Fur" mark. The Company offers individual salon franchises and area development franchises for the development of multiple salons within a designated territory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposits.

C. Accounts Receivable

Accounts Receivable arise primarily from royalties and initial franchise fees receivable and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. Management provides for probable uncollectible amounts through a charge to earnings and an increase in the allowance for doubtful accounts based on its assessment of the current status of individual accounts.

D. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

E. Federal Income Taxes

As a limited liability Company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

F. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

G. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) marketing, brand development and royalty's fees and (c) IT fees; (d) annual conference fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into

a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

H. Advertising and Marketing

Advertising and marketing costs are charged to operations in the years incurred.

I. Brand Development Fund

The Company collects funds from franchisees to manage the brand level advertising, marketing and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable monthly.

J. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

K. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENTS

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.
The Company has approximately $12,593 and $18,898 in cash at their operating bank account as of December 31, 2023 and 2022 respectively.

4. ACCOUNTS RECEIVABLE

At the years ended December 31, 2023, and 2022, accounts receivable consisted of the following:

	2023	2022
Royalties' receivable	1,853	924
Brand fund receivable	272	-
Total Accounts Receivable	**$ 2,125**	**$ 924**

5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Computers	$ 1,025	$ 1,025
Tools, machinery, and equipment	1,000	-
Less: accumulated depreciation	(565)	(57)
Property and equipment, net	**$ 1,460**	**$ 968**

Depreciation expenses for the years ended December 31, 2023 and 2022 were $508 and $57 respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2023	2022
Revenue recognized over time	$ -	$ -
Revenue recognized at a point in time	24,555	4,792
Total Revenue	**$ 24,555**	**$ 4,792**

7. ADVERTISING EXPENSES

Advertising costs for the years ended December 31, 2023 and 2022 were $32,501 and $27,326 respectively. These costs were expensed as incurred.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2024, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
6245 RUFE SNOW DR Ste 280 PMB 34 Watauga TX 76148
Cell: 214-200-5434
Mmetwally@metwallycpa.com

CONSENT

Metwally CPA PLLC consents to the use in the Franchise Disclosure Document issued by Vanity Fur Franchising, LLC ("Franchisor") on April 20, 2023, as it may be amended, of our report dated April 20, 2023, relating to the financial statements of Franchisor for the year ending December 31, 2022.

Metwally CPA PLLC
Metwally CPA PLLC
April 20, 2023

Vanity Fur Franchising, LLC

Independent Auditor's Report
And
Financial Statements
December 31, 2022 and 2021

Table of Contents

Independent Auditor's Report 3

Balance Sheets 5

Statements of Operations 6

Statements of Members' Equity 7

Statements of Cash Flows 8

Notes To Financial Statements 9

Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

4500 Mercantile Plaza Dr STE 300, Fort Worth TX 76137

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Vanity Fur Franchising, LLC
Corona, California

Opinion

We have audited the accompanying financial statements of Vanity Fur Franchising, LLC (a California limited liability Company), which comprise the balance sheets as of December 31, 2022 and 2021 and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vanity Fur Franchising, LLC as of December 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vanity Fur Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vanity Fur Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are 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 statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Vanity Fur 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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vanity Fur 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.

Metwally CPA PLLC

Metwally CPA PLLC
Fort Worth, Texas
April 20, 2023

Vanity Fur Franchising, LLC
Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 18,898	$ 9,905
Accounts receivable	924	-
Total Current Assets	**19,822**	**9,905**
Non-Current Assets		
Property and equipment, net	968	-
Total Non-Current Assets	**968**	**-**
Total Assets	**$ 20,790**	**$ 9,905**
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	$ 9,641	$ 1,876
Accrued expenses	2,595	-
Total current liabilities	**12,236**	**1,876**
Total Liabilities	**12,236**	**1,876**
Members' Equity		
Members' equity	8,554	8,029
Total Members' Equity	**8,554**	**8,029**
Total Liabilities and Members' Equity	**$ 20,790**	**$ 9,905**

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Statements of Operations
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues		
Royalties	$ 4,792	$ -
Total Revenues	**4,792**	**-**
Operating Expenses		
General and administrative	16,656	1,971
Deprecation	57	-
Legal and professional	123,681	-
Advertising and marketing	25,726	-
Taxes	1,600	-
Total Operating Expenses	**167,720**	**1,971**
Other Income (Expenses)		
Interest expense	(157)	-
Other Income / (Loss)	**(157)**	**-**
Net Income / (Loss)	**$ (163,085)**	**$ (1,971)**

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Statements of Members' Equity
Years Ended December 31, 2022 and 2021

Members' Equity At September 21, 2021	$ -
Members' contributions	10,000
Net income (loss)	(1,971)
Members' Equity At December 31, 2021	**8,029**
Members' contributions	163,610
Net income (loss)	(163,085)
Members' Equity At December 31, 2022	**$ 8,554**

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Net income (loss)	$ (163,085)	$ (1,971)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	57	
Change in operating activities		
Change in accounts receivable	(924)	-
Change in accounts payable	7,765	1,876
Change in accrued expenses	2,595	-
Net Cash Provided By (Used In) Operating Activities	**(153,592)**	**(95)**
Cash Flows From Investing Activities		
Purchases of fixed assets	(1,025)	
Net Cash Flows Provided By (Used In) Investing Activities	**(1,025)**	**-**
Cash Flows From Financing Activities		
Members' contributions	163,610	10,000
Net Cash Flows Provided By (Used In) Financing Activities	**163,610**	**10,000**
Net Change In Cash And Cash Equivalent During The Year	**8,993**	**9,905**
Cash and cash equivalent - beginning of the year	9,905	-
Cash And Cash Equivalent - End of The Year	**$ 18,898**	**$ 9,905**
Supplemental Cash Flow Disclosures - non-cash items:		
Taxes	1,600	-
Interest expense	$ 157	$ -

The accompanying notes are an integral part of the financial statements.

Vanity Fur Franchising, LLC
December 31, 2022 and 2021
Notes To Financial Statements

1. COMPANY AND NATURE OF OPERATIONS

Vanity Fur Franchising, LLC (the "Company") was established in the state of California in September 2021, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own pet services business. The Company offers qualified individuals the right to operate a business that offers a mobile pet salon that provides pet bathing and grooming and, other services and products under the "Vanity Fur" mark. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposits.

C. Accounts Receivable

Accounts Receivable arise primarily from Franchise Fee income and Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company assesses the collectability of all receivables on an ongoing basis by considering its expected historical loss experience, current economic conditions, and other relevant factors. The Company has determined that no allowance for doubtful accounts was necessary on December 31, 2022.

D. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

E. Federal Income Taxes

Federal income taxes are not payable by, or provided for, the Partnership. Partners are taxed individually on their share of Partnership earnings. Partnership's net revenue is allocated on a pro-rata basis in accordance with Partnership interests to the partners after allowing for partner guaranteed payments.

F. Advertising and Marketing

Advertising and marketing costs are charged to operations in the year incurred.

G. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

H. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the

franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 10 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

I. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit didn't exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

J. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENT

The Company maintains cash and cash equivalents with major financial institutions. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2022 and 2021, the Company's cash balance doesn't exceed the FDIC insurance limits.

The Company considers all cash in bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Company has approximately $18,898 and $9,905 in cash at their operating bank account as of December 31, 2022, and 2021 respectively.

4. ACCOUNTS RECEIVABLES

At the years ended December 31,2022 and 2021, Accounts Receivables consist of the following:

	2022	2021
Royalty's receivables	$924	$-

5. PROPERTY AND EQUIPMENT

Property and equipment as of the years ending December 31, 2022 and 2021 consist of the following:

	2022	2021
Computer Equipment	$1,025	$-
Less accumulated depreciation	(57)	-
Property and equipment, net	**$968**	**$-**

Depreciation expenses for the years ended December 31, 2022 and 2021 were $57 and $0, respectively.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2022	2021
Revenue recognized over time	$-	$-
Revenue recognized at a point in time	4,792	-
Total Revenue	**$4,792**	**$-**

The company sold two franchises in the year ending December 31, 2022, but it waived all of the franchise fees.

7. ADVERTISING EXPENSES

Advertising and marketing costs for the years ended December 31, 2022 and 2021 were $25,726 and $0 respectively.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 20, 2023, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

VANITY FUR
FRANCHISE AGREEMENT

FRANCHISEE:

© 2024, The Internicola Law Firm, PC - This Agreement and the Schedules and Exhibits attached hereto are subject to the copyright of The Internicola Law Firm, PC.

Vanity Fur Franchise Agreement

Table of Contents

Article		Page
1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	10
2.A.	GRANT OF FRANCHISE	10
2.B.	TERM	11
2.C.	GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS	11
2.D.	RESERVATION OF RIGHTS	11
2.E.	MODIFICATION OF SYSTEM	12
2.F.	CORPORATE ENTITY OWNERSHIP	12
3.	DEVELOPMENT AND OPERATION OF THE FRANCHISED BUSINESS	12
3.A.	DEVELOPMENT OF THE FRANCHISED BUSINESS	12
3.B.	OPERATIONS OF THE FRANCHISED BUSINESS	12
3.C.	FRANCHISEE'S ADMINISTRATIVE OFFICE	13
3.D.	FURNITURE, FIXTURES, EQUIPMENT AND SIGNS	14
3.E.	SYSTEM SUPPLIES	14
3.F.	SERVICE VEHICLES	14
3.G.	BUSINESS MANAGEMENT SYSTEM	14
3.H.	DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS	15
3.I.	RELOCATION	16
3.J.	OUT OF TERRITORY SERVICE	16
4.	TRAINING AND OPERATING ASSISTANCE	17
4.A.	INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING	17
4.B.	OPERATING ASSISTANCE	18
4.C.	OPERATIONS MANUAL	19
5.	FEES	19
5.A.	INITIAL FRANCHISE FEE	19
5.B.	ROYALTY FEES	20
5.C.	OTHER FEES	20
5.D.	PAYMENT NON-COMPLIANCE FEES AND CHARGES	21
5.E.	APPLICATION OF PAYMENTS	22
5.F.	WITHHOLDING PAYMENTS UNLAWFUL	22
6.	RESTRICTIVE COVENANTS AND OBLIGATIONS	22
6.A.	NECESSITY FOR RESTRICTIVE COVENANTS	22
6.B.	RESTRICTIVE COVENANTS: KNOW-HOW	22
6.C.	RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION	22
6.D.	RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS	23
6.E.	RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS	23
6.F.	IMMEDIATE FAMILY MEMBERS	23
6.G.	REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS	24
6.H.	BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS	24
6.I.	OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION	24
7.	OPERATING STANDARDS	25
7.A.	OPERATING REQUIREMENTS	25
7.B.	MAINTENANCE, UPDATES AND UPGRADES	25
7.C.	DAMAGE CAUSED BY CASUALTY	25
7.D.	ALTERATIONS	25
7.E.	BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS	25
7.F.	APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS	26
7.G.	MARKET RESEARCH AND TESTING	27
7.H.	COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES	27

7.I. MANAGEMENT OF THE FRANCHISED BUSINESS 28
7.J. FEES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS 29
8. INSURANCE 30
9. BRAND DEVELOPMENT AND MARKETING 30
9.A. BRAND DEVELOPMENT FUND 30
9.B. LOCAL MARKETING 32
9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING 33
9.D. WAIVERS OR DEFERRALS 34
9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS 34
9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY 34
9.G. ADVERTISING COOPERATIVE 34
10. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION 35
10.A. INDEPENDENT CONTRACTORS 35
10.B. INDEMNIFICATION BY FRANCHISEE 36
10.C. INDEMNIFICATION BY FRANCHISOR 37
11. LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM 37
11.A. OWNERSHIP AND GOODWILL 37
11.B. USE OF THE LICENSED MARKS 38
11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS 38
11.D. DISCONTINUANCE OF USE OF LICENSED MARKS 38
11.E. INDEMNIFICATION OF FRANCHISEE 38
11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION 39
12. RECORDS AND REPORTS 39
12.A. MAINTENANCE AND PRESERVATION OF RECORDS 39
12.B REPORTING OBLIGATIONS 39
12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING 40
13. INSPECTION AND AUDITS 40
13.A. FRANCHISOR'S RIGHT TO INSPECT 40
13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS 40
14. TRANSFER OF INTEREST 41
14.A. TRANSFER BY THE FRANCHISOR 41
14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL 41
14.C. CONDITIONS FOR APPROVAL OF TRANSFER 42
14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER 44
14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY 45
14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL 45
15. RENEWAL OF FRANCHISE 45
15.A. FRANCHISEE'S RIGHT TO RENEW 45
15.B. CONDITIONS FOR RENEWAL 46
15.C. RENEWAL FRANCHISE AGREEMENT 47
16. DEFAULTS AND REMEDIES 47
16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR 47
16.B. TERMINATION BY FRANCHISEE 52
16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES 52
16.D. GUARANTY 53
16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR 54
17. OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS 54
17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR 54
17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM 54
17.C. CONTINUING OBLIGATIONS 56
18. ENFORCEMENT AND CONSTRUCTION 56
18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS 56
18.B. WAIVER OF OBLIGATIONS 57
18.C. FORCE MAJEURE 57
18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF 57

18.E. RIGHTS OF PARTIES ARE CUMULATIVE 58
18.F. GOVERNING LAW 58
18.G. CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION 58
18.H. VARIANCES 60
18.I. LIMITATIONS OF CLAIMS 60
18.J. WAIVER OF PUNITIVE DAMAGES 60
18.K. WAIVER OF JURY TRIAL 60
18.L. BINDING EFFECT 60
18.M. COMPLETE AGREEMENT 61
18.N. ATTORNEY FEES AND EXPENSES 61
18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS 61
18.P. ACCEPTANCE BY FRANCHISOR 61
18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS 61
18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS 61
18.S. NON-UNIFORM AGREEMENTS 61
18.T. NO RIGHT TO OFFSET 62
18.U. HEADINGS 62
18.V. AUTHORITY TO EXECUTE 62
18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES 62
18.X. JOINT AND SEVERAL LIABILITY 62
18.Y. RECITALS 62
19. NOTICES 62

Schedules and Exhibits

Schedule 1 Operating Territory Acknowledgment
Schedule 2 Statement of Franchisee's Owners

Exhibit 1 Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2 Confidentiality Agreement
Exhibit 3 Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 4 ACH Authorization Forms
Exhibit 5 General Release

Vanity Fur

FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is entered into on _____, 20__ ("Effective Date"), by and between Vanity Fur Franchising, LLC, a California limited liability company with a principal place of business located at 12495 Limonite Avenue, #1023, Eastvale, California 91752, (the "Franchisor") and _____(the "Franchisee").

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the establishment, development and operation of a business that offers, sells and provides pet bathing and grooming, and other products and services that the Franchisor authorizes (the "Approved Services and Products") under the Licensed Marks (defined below) (each, a "Franchised Business", or "Vanity Fur Business");

WHEREAS, the System and, therefore, each Vanity Fur Business, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain the non-exclusive license and right to use the System in the development and operation of a Vanity Fur Business within a designated operating territory and pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties agree, as follows:

ARTICLE 1
DEFINITIONS

Supplementing the terms and definitions contained in the foregoing "Recitals":

"**Accounting Period**" refers to and means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees and other obligations under this Agreement. The respective "Accounting Period" shall be those Franchisor designated times, whether, weekly, monthly, or otherwise, as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and, continuing, throughout the Term of this Agreement. Unless otherwise designated by Franchisor at any time, unless otherwise specified in this Agreement, the Accounting Period shall be a monthly period for each and every month throughout the Term of this Agreement.

"**Actual Business Commencement Date**" refers to and means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

"**Additional Initial Training Fee**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Administrative Office(s)**" refers to and means the fixed administrative offices and/or facilities from which Vanity Fur Businesses are administratively managed.

"**Advertising Contributions**" refers to and means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor's affiliate and/or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fee as set forth in Article 9.A of this Agreement and the Advertising Cooperative fees as set forth in Article 9.G. of this Agreement.

"**Advertising Cooperative**" shall have the meaning defined and set forth in Article 9.G. of this Agreement.

"**Alternative Channels of Distribution**" refers to and means retail and/or wholesale based sales and/or distribution outlets based on the world wide web, print catalogs, and mail order outlets.

"**Ancillary Agreements**" refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee, but not including this Agreement; (b) Franchisor and each of Franchisee's Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee's Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

"**Annual Conference Attendance Fee**" refers to and means an annual conference fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed $1,500 annually.

"**Annual System Conference**" refers to and means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among Vanity Fur Business franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee's travel to and attendance at the Annual System Conference.

"**Approved Services and Products**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean refers to and means those products and services that Franchisor authorizes for sale by Vanity Fur Businesses. Franchisor shall exclusively designate and determine the Approved Services and Products and Franchisor, in Franchisor's Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor's right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

"**Assigned Area**" refers to and means the operating area, designated area and/or territory of current and future Vanity Fur Businesses other than the Operating Territory of Franchisee's Vanity Fur Business. Franchisor shall exclusively determine Assigned Areas.

"**Assignment of Telephone Numbers and Digital Media Accounts**" refers to and means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 3.

"**Brand Development Fund**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Brand Development Fund Fee**" shall have the meaning defined and set forth in Article 9.A. of this Agreement.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor's Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor's Reasonable Business Judgment. At all times, Franchisor shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee's Business Management System Data.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by Franchisor or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

"**Competitive Business**" refers to and means any business that is the same as or similar to a Vanity Fur Business including, but not limited to, any business that offers and/or provides services and/or products relating to pet bathing and grooming.

"**Confidential Information**" refers to and means all of Franchisor's and/or Franchisor's affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Vanity Fur Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Vanity Fur Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Vanity Fur Businesses; (d) customer lists and information related to Vanity Fur Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

"**Confidentiality Agreement**" refers to and means the form of Confidentiality Agreement attached to this Agreement as Exhibit 2.

"**Controlling Interest**" shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited

partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

"**Copyrights**" refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor utilizes and/or allows Vanity Fur Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a Vanity Fur Business, whether as of the Effective Date of this Agreement or any time in the future.

"**Corporate Entity**" refers to and means a corporation, Limited Liability Company, partnership or other corporate legal entity that is not an individual person.

"**Customer Vouchers**" refers to and means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction (for goods and/or services and whether in electronic form, printed form, card or otherwise) concerning a Vanity Fur Business.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, Vanity Fur Businesses, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Direct Solicitation**" refers to and means communications and/or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media, Marketing Media, Media Distribution and/or marketing directed toward customers, potential customers or referral sources of a Vanity Fur Business.

"**Due Date**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

"**Franchise Owner and Spouse Agreement and Guaranty**" refers to and means the form of "Franchise Owner and Spouse Agreement and Guaranty" attached to this Agreement as Exhibit 1. The Franchise Owner and Spouse Agreement and Guaranty is an agreement and guarantee individually, jointly and severally entered into by the Owners and Spouses of Franchisee.

"**Franchised Business**" refers to and means the Vanity Fur Business that Franchisee shall develop and is required to establish, maintain and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual. Without limitation to the foregoing, the Franchised Business shall be exclusively established, maintained, owned and

operated by Franchisee within Franchisee's designated Operating Territory and in accordance with the terms of this Agreement.

"**Franchisee's Administrative Office**" refers to and means the Administrative Office from which Franchisee manages the Franchised Business.

"**Franchisor's Reasonable Business Judgment**" refers to, means, and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, Vanity Fur Businesses and/or the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions and/or taking actions in Franchisor's Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor's profits; enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of Vanity Fur Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor's Reasonable Business Judgment that such decision, determination, action or choice shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor's Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor's profits; (b) Franchisor shall not be required to consider Franchisee's individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor's obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for Franchisor's Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor's Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor's Reasonable Business Judgment.

"**GAAP**" refers to and means United States Generally Accepted Accounting Principles.

"**Gross Sales**" refers to and means the total dollar sales from all business and customers of the Franchised Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business and/or Operating Territory, whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Operating Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated within the Operating Territory, outside the Operating Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee's operation of a Competitive Business and/or the operation of a

Vanity Fur Business outside of the Operating Territory). Gross Sales do not include sales or use taxes collected by Franchisee.

"**Immediate Family Member**" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children, and grandchildren of such person. Immediate Family Member shall further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee, if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

"**IP Claim**" shall have the meaning defined and set forth in Article 11.E. of this Agreement.

"**Know-How**" refers to means Franchisor's trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Vanity Fur Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "Vanity Fur" trademark, the Vanity Fur logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of Vanity Fur Businesses and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor's Reasonable Business Judgment.

"**Management Service Fees**" shall have the meaning defined and set forth in Articles 7.J. and 14.D. of this Agreement.

"**Managers**" refers to and means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

"**Managing Owner**" refers to and means, if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management and operation of the Franchised Business. The Managing Owner must possess and maintain an ownership and equity interest in the Franchisee such that said individual owns, holds and controls not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

"**Marketing Media**" refers to and means all communications, whether written, oral, digital, or otherwise utilized for and/or designed for the purpose of marketing, advertising and/or promoting Franchisee's Vanity Fur Business including, but not limited to, Direct Solicitations, Web Based Media, Digital Media, social media, print publications, print mailers, email communications and public relations.

"**Media Distribution**" refers to and means methods, by any means, for the publication, transmission, dissemination, distribution and/or delivery of Marketing Media.

"**National Accounts**" shall have the meaning defined and set forth in Article 2.D. of this Agreement.

"**Notice Period**" shall have the meaning defined and set forth in Article 16.A of this Agreement.

"**Open Area**" refers to a geographic territory and area that (a) is not an Assigned Area; and (b) is located within a 10 mile radius of Franchisee's Operating Territory.

"**Operating Manager**" refers to and means the Manager designated by Franchisee or Franchisee's Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee's Administrative Office) the day-to-day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor's minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor's initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

"**Operating Territory**" shall have the meaning defined and set forth in Article 2.A. of this Agreement.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Vanity Fur Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Vanity Fur Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and provided by the Franchised Business and the System Supplies that must be exclusively utilized by the Vanity Fur Business. Only Approved Services and Products may be offered and sold by the Franchised Business. Only System Supplies may be utilized by Franchisee in the operations of the Franchised Business.

"**Operations Non-Compliance Fee**" shall have the meaning defined and set forth in Article 7.J. of this Agreement.

"**Out of Territory Service**" refers to and means the provision of Approved Services and Products within an "Open Area" and in accordance with the Territory Rules.

"**Out of Territory Service Request**" refers to and means a written documentation that is prepared and submitted in accordance with Franchisor's standards and specifications wherein Franchisee: (a) identifies the name and contact information of a prospective customer located in an Open Area that has requested the services of Franchisee's Vanity Fur Business; (b) identifies the date for the proposed services and/or products to be provided by the Franchised Business; and (c) requests Franchisor's written notification either approving or disapproving Franchisee's request to provide Approved Services and Products on behalf of the prospective Open Area customer.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee's Owners are identified in Schedule 2 to this Agreement.

"**Payment Non-Compliance Fee**" shall have the meaning defined and set forth in Article 5.D. of this Agreement.

"**Post-Term Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Post-Term Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity.

"**Prohibited Activities**" shall have the meaning defined and set forth in Article 6.D. of this Agreement.

"**Published Content**" refers to and means any and all information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee's agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

"**Renewal Ancillary Agreements**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Fee**" is a fixed sum of 25% of the then current initial franchise fee payable by a franchise who is new to the Vanity Fur system.

"**Renewal Franchise Agreement**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Notice**" shall have the meaning defined and set forth in Article 15.B. of this Agreement.

"**Renewal Term**" shall have the meaning defined and set forth in Article 15 of this Agreement.

"**Reporting Non-Compliance Fee**" shall have the meaning defined and set forth in Article 12.C. of this Agreement.

"**Reserved Rights**" shall have the meaning defined and set forth in Article 2.D. of this Agreement.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Operating Territory; (b) comprising a 25 mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an operating territory, then a 25 mile radius surrounding Franchisee's Administrative Office); (c) comprising each of the operating territories, respectively, of other Vanity Fur Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within Franchisee's Operating Territory plus a 25 mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an operating territory, then a 25 mile radius surrounding Franchisee's Administrative Office.

"**Royalty and Activity Report**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Royalty Fees**" shall have the meaning defined and set forth in Article 5.B. of this Agreement.

"**Scheduled Business Commencement Date**" refers to and means the date that occurs on the 120th day following the Effective Date of this Agreement.

"**Service Vehicle(s)**" refers to and means the Franchisor approved commercial vehicle or other vehicle(s) to be acquired, maintained and operated by Vanity Fur Business franchisees in connection with the day-to-day operations of a Vanity Fur Business. Franchisee's Service Vehicle(s) must be dedicated to the day-to-day operations of the Franchised Business, must be approved by Franchisor, and must meet Franchisor's specifications as to vehicle models, vehicle age, vehicle type, equipment, interior configuration and capability, signs, and exterior vehicle wrap.

"**Software and Services Fee**" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"**Spouse**" refers to and means the legal spouse of an Owner as of the Effective Date.

"**Supplemental Training**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplemental Training Fee"** shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Supplier Evaluation Fee**" refers to and means the fee determined by Franchisor, in Franchisor's Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor's consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

"**System**" shall have the meaning defined in the "Recitals" section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term "System", System shall be defined to further include and mean: (a) the Approved Services and Products, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Vanity Fur Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Vanity Fur Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

"**System Supplies**" refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee's Vanity Fur Business and the Approved Services and Products. Without limitation to the foregoing, the System Supplies shall include Vanity Fur branded, non-branded and third party branded equipment and supplies designated by Franchisor for use in the day-to-day operations of Franchisees Vanity Fur Business including, among other things: bathing and grooming equipment, uniforms, products, stationary, sales slips, receipts, customer notices and other forms and materials, designated by Franchisor in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment. System Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee's Vanity Fur Business.

"**System Website**" refers to and means the web page and pages located on the world wide web at the www.vanityfurs.com domain and shall further include all webpages and subdomains including, those that are franchisee and/or geography specific, that are a part of www.vanityfurs.com, or as designated by Franchisor being associated with the URL of www.vanityfurs.com and/or Vanity Fur Businesses.

"**Technology Fee**" shall have the meaning defined and set forth in Article 5.C. of this Agreement.

"**Term**" refers to and means the period of time set forth and defined in Article 2.B. of this Agreement and, the Renewal Term if Franchisee invokes Franchisee's renewal rights in accordance with the terms of this Agreement.

"**Territory Rules**" shall have the meaning defined and set forth in Article 3.J. of this Agreement.

"**Trade Dress**" refers to and means the Vanity Fur Business designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

"**Training Program**" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

"**Transfer Fee**" shall have the meaning defined in Article 14.C. (11) of this Agreement. The Transfer Fee is a fixed sum of 50% of the then current initial franchise fee payable by a franchise who is new to the Vanity Fur system.

"**Vanity Fur Business(s)**" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of "Vanity Fur Businesses", shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor's affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

ARTICLE 2
GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a Vanity Fur Business within a specified territory. In reliance on the representations made by Franchisee and/or Franchisee's Owners in any submitted application and during the application process, and, subject to the terms and conditions of this Agreement, Franchisee's request has been approved by Franchisor, subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate a Vanity Fur Business within the operating territory designated and set forth in Schedule 1 of this Agreement (the "Operating Territory". If Schedule 1 does not specifically identify and designate an operating territory, and/or if Schedule 1 is not signed by Franchisor, there shall be no Operating Territory;

(2) If, as of the Effective Date, Franchisee has selected a proposed Administrative Office that Franchisor approves as Franchisee's Administrative Office, then the location of Franchisee's Administrative Office shall be identified in Schedule 1 of this Agreement;

(3) If, as of the Effective Date, Franchisee has not selected a proposed Administrative Office location that is approved by Franchisor in Schedule 1 to this Agreement, or if Schedule 1 is left incomplete as to the specific location of Franchisee's Administrative Office, Franchisee must locate, identify and secure an Administrative Office for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's written approval of Franchisee's Administrative Office;

(4) Franchisee must manage the Franchised Business from Franchisee's Administrative Office located within Franchisee's Operating Territory;

(5) Franchisee may only operate the Franchised Business within Franchisee's Operating Territory and, without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products within Franchisee's Operating Territory and in accordance with the requirements set forth in the Operations Manual;

(6) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times, Franchisee is and remains in compliance with the terms of this Agreement, during the Term of this Agreement, Franchisor will not and Franchisor's affiliates will not operate, or grant a franchisee the right to operate a Vanity Fur Business using the Licensed Marks and System within Franchisee's Operating Territory, provided that an Operating Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement; and

(7) The foregoing rights granted in this Article 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 consecutive years, commencing from the Effective Date (the "Term").

2.C. GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

2.D. RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee

to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, Vanity Fur Business and/or other businesses using the System and Licensed Marks at locations outside Franchisee's Operating Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses (but not using the Licensed Marks) within Franchisee's Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate such businesses, including Competitive Businesses (but not using the Licensed Marks) within Franchisee's Operating Territory; (d) operate and grant to others the right to operate a Franchised Business, Vanity Fur Business and/or other businesses using the System and Licensed Marks in Alternate Channels of Distribution; (e) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in on behalf of regional and/or national customer accounts (such as national or regional businesses, and other referral sources and organizations that maintain outlets, locations, offices, facilities, and/or businesses throughout a regional or nationally (referred to as "National Accounts") within or outside your Operating Territory; and (d) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right, at all times, to supplement, modify, alter and/or amend the System including any and/or all components of the System. Franchisee shall promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System, which shall be communicated to Franchisee by Franchisor including, but not limited to, communication through the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.F. CORPORATE ENTITY OWNERSHIP

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

ARTICLE 3
DEVELOPMENT AND OPERATION OF THE FRANCHISED BUSINESS

3.A. DEVELOPMENT OF THE FRANCHISED BUSINESS

Franchisee must develop and open the Franchised Business on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, prior to opening and commencing the operations of the Franchised Business, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations designated by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; (d) have developed an Administrative Office in conformity with Franchisor's standards and specifications and as otherwise required by Franchisor in the Operations Manual; (e) have obtained the necessary licenses and permits to operate the Franchised Business; (f) obtain an equipped and wrapped Service Vehicle in accordance with the Franchisor's standards and specifications; and (g) have obtained Franchisor's written consent to open.

3.B. OPERATIONS OF THE FRANCHISED BUSINESS

At all times, Franchisee's Vanity Fur Business shall: (a) be operated within Franchisee's Operating

Territory; (b) be operated from an approved Administrative Office located within the Operating Territory; (c) exclusively offer, sell and provide the Approved Services and Products in accordance with Franchisor's standards, specifications, and requirements; (d) ensure that the Approved Services and Products are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor; (e) exclusively use, maintain, and, stock in inventory, the System Supplies in such quantities as designated by Franchisor; (f) exclusively purchase the System Supplies from the supplier and/or suppliers, vendor and/or vendors approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified from time to time; (g) be exclusively managed and operated by Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner; (h) maintain the necessary licenses and permits and, those licenses and permits required, and/or recommended by Franchisor, for Franchisee's development, ownership, and operation of the Franchised Business; (i) exclusively provide and, if applicable, deliver, the Approved Services and Products from Vanity Fur Service Vehicles; (j) participate, adopt, and implement, as designated by Franchisor and, as permitted by law, all Franchisor designated limited time offers related to promotional items, special pricing, pricing and reporting requirements, and maximum pricing that may be designated by Franchisor; and (k) be operated in conformity with Franchisors standards, specifications, criteria and requirements as set forth by Franchisor in the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment.

3.C. FRANCHISEE'S ADMINISTRATIVE OFFICE

Franchisee must operate the Franchised Business from an Administrative Office that conforms to Franchisor's standards and specifications and, such other requirements as set forth in the Operations Manual. Franchisee must obtain Franchisor's written approval of the location of Franchisee's Administrative Office. If permitted by applicable laws, rules, and regulations, including, but not limited to, local zoning laws and regulations (to be independently verified by Franchisee) Franchisee may designate Franchisee's personal residence as Franchisee's Administrative Office. Otherwise, Franchisee must develop Franchisee's Administrative Office from a commercial location located within the Operating Territory. If applicable, Franchisor will furnish Franchisee with Franchisor's then current preliminary plans and specifications for an Administrative Office. Franchisee shall develop, operate and manage the Franchised Business from an Administrative Office, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Administrative Office; (e) is approved by Franchisor as Franchisee's Administrative Office; (f) is timely secured by Franchisee within 60 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; and (g) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase or otherwise acquire a proposed Administrative Office until such information as Franchisor may require as to the proposed Administrative Office has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Administrative Office within 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Administrative Office. If Franchisor rejects or disapproves Franchisee's proposed Administrative Office, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Administrative Office within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Administrative Office shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Administrative Office is not and does not constitute a representation or warranty of any kind other than that Franchisor does not object to or disapprove of

Franchisee's proposed Administrative Office. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate an Administrative Office for the Franchised Business, to assist Franchisee in the selection of a suitable Administrative Office, or, to provide assistance to the Franchisee in the purchase or lease of an Administrative Office.

3.D. FURNITURE, FIXTURES, EQUIPMENT AND SIGNS

Franchisee agrees to use in the construction and operation of Franchisee's Administrative Office only those types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor has approved or designated in the Operations Manual for Franchised Business as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee shall purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs including, but not limited to, System Supplies, only from suppliers approved or designated by Franchisor from time to time in writing and/or in the Operations Manual.

3.E. SYSTEM SUPPLIES

Franchisee shall exclusively purchase and use the System Supplies in the operations of the Franchised Business. Franchisee shall exclusively purchase the System Supplies from the supplier and/or suppliers and vendor and/or vendors designated by Franchisor from time to time. Franchisee acknowledges and agrees that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, equipment and/or sources of supply, Franchisee shall only purchase and use the System Supplies as designated by Franchisor and only from those suppliers designated and approved by Franchisor. Franchisee agrees that in many instances Franchisor and/or Franchisor's affiliates may be and/or may become the sole and exclusive supplier of the System Supplies.

3.F. SERVICE VEHICLES

Franchisee shall purchase and/or lease, and, exclusively use in the operations of the Franchised Business, only those Service Vehicles that meet Franchisor's brand standards and specifications and, that are approved by Franchisor. At all times, Franchisee shall maintain the Service Vehicles in a clean, safe, and well maintained condition and shall operate same in accordance with all applicable laws, rules, and regulations. Franchisee may only offer and provide the Approved Services and Products using Service Vehicles approved by Franchisor and that meet Franchisor's brand standards and specifications.

3.G. BUSINESS MANAGEMENT SYSTEM

Franchisee shall exclusively use the Business Management System or systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented or replaced by Franchisor from time to time. Franchisee shall purchase, license and maintain such Business Management System and/or systems from Franchisor and/or such third party suppliers designated by Franchisor. Franchisor, in Franchisor's Reasonable Business Judgment, may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor. At all times, Franchisee shall provide and grant Franchisor with unlimited and uninterrupted direct internet based and/or remote access to the Business Management Systems of the Franchised Business. At all times, Franchisee shall pay and be responsible for all fees associated with the Business Management Systems including, but not limited to, initial and on-going license fees. Supplementing and, without limitation to the foregoing, Franchisee agrees that:

(1) The Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System;

(2) The Business Management System shall be exclusively used by Franchisee in connection with the operations of the Franchised Business, in accordance with the terms of this Agreement, and the standards and specifications set forth by Franchisor in the Operations Manual;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and the Business Management System Data and to duplicate and evaluate the data;

(5) Franchisee shall upgrade, replace and modify the Business Management System at the request of Franchisor and in accordance with Franchisor's written instructions;

(6) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit or allow any third party to access, use or duplicate the Business Management System or, the Business Management System Data;

(7) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential and, Franchisee shall maintain security precautions to maintain the confidentiality of the Business Management System and the Business Management System Data; and

(8) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.H. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Franchisee acknowledges the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. As between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media and nothing contained in this Agreement grants to Franchisee any ownership interest in or to the Digital Media. Franchisee shall not use, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to use the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that

is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment. Franchisee agrees that in the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 3. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

3.I. RELOCATION

Under no circumstance shall Franchisee relocate Franchisee's Administrative Office to a facility or location located outside the Operating Territory. To the extent that Franchisee wishes to relocate Franchisee's Administrative Office to a suitable commercial facility located within the Operating Territory, Franchisee must obtain Franchisor's prior written consent which shall not be unreasonably withheld provided that Franchisee is in compliance with the terms and conditions of this Agreement and, provided that the new location and/or facility meets Franchisor's then current standards and specifications. Under no circumstance may Franchisee relocated Franchisee's Operating Territory.

3.J. OUT OF TERRITORY SERVICE

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the existence of an Open Area and Franchisee's compliance with following rules and requirements ("Territory Rules"), Franchisee may provide the Approved Services and Products on behalf of customers located within an Open Area:

Territory Rules

(1) Franchisee must conduct the operations of the Franchised Business from within Franchisee's Operating Territory and Franchisee must provide the Approved Services and Products on behalf of customers located within Franchisee's Operating Territory. The marketing of the Franchised Business must be targeted to Franchisee's Operating Territory and, at all times, must conform and comply with, among other things, the restrictions set forth in Article 9.F. of this Agreement;

(2) Provided that Franchisee: (i) does not engage in any Direct Solicitation of customers or potential customers outside of Franchisee's Operating Territory or, within the Operating Territory of another Vanity Fur Business, (ii) Franchisee does not otherwise violate the restrictions set forth in Article 9.F of this Agreement, and (iii) In each instance Franchisee provides Franchisor with an Out of Territory Service Request that, in writing, is approved by Franchisor, Franchisee's Vanity Fur Business may, on a non-exclusive basis, provide an Approved Services and Products to a customer

within an Open Area. Franchisee must obtain Franchisor's approval in each and every instance and Franchisor may, in Franchisor's Reasonable Business Judgment, reject or disapprove of Franchisee's Out of Territory Service Request; and

(3) Once an Open Area becomes an Assigned Area, Franchisee shall cease communicating with customers previously serviced by Franchisee in the Open Area and Franchisee shall turnover to Franchisor, for the benefit of Franchisor or, another Vanity Fur Business, all information and records related to the Approved Services and Products provided within the Open Area.

Nothing contained in this Article 3.J. shall expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or, Franchisee's Operating Territory and, in the event of any inconsistency or conflict between the terms of this Article 3.J. and Article 2, Article 2 shall take precedence and govern.

ARTICLE 4
TRAINING AND OPERATING ASSISTANCE

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within 45 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, and one designated manager, with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of $500 per additional person attending the Training Program (the "Additional Initial Training Fee"). Additional Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee. If any person fails to complete initial training to Franchisor's satisfaction, or Franchisor determines after an inspection that retraining is necessary because the Franchised Business is not operating according to Franchisor's standards and specifications, that person must attend a retraining session for which Franchisor may charge our then current training fee. Franchisee must pay all employee compensation and expenses during retraining. Franchisor may terminate the Franchise Agreement if the Franchised Business does not commence operation by the opening deadline with a fully-trained staff.

Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. Following completion of the initial Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisors standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves

the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay all costs and expenses incurred by Franchisee, and those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and, satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Administrative Office, within Franchisee's Operating Territory or, as elected by Franchisor, remotely through online web based conferencing (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisors Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of $300 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the "Supplemental Training Fee"). Franchisee agrees that in each instance where Franchisee hires a new Operating Manager, and/or Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee is not satisfying and/or meeting Franchisor's operational standards, then, Franchisor may require that Franchisee, and/or, as applicable, Franchisee's Operating Manager participate in and, successfully complete, Supplemental Training pay the Supplemental Training Fees designated by Franchisor. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

(5) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Franchise Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.

4.B. OPERATING ASSISTANCE

From time to time and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;

(2) Establishing and communicating Approved Services and Products and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Services and Products including, but not limited to, additions, deletions, and/or changes to the Approved Services and Products;

(3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;

(4) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;

(5) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;

(6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and

(7) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

4.C. OPERATIONS MANUAL

Franchisor shall provide Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for Vanity Fur Businesses. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, the Approved Services and Products, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement, and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual and, shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in the Operations Manual. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and, in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or, as Franchisor may otherwise designate in writing.

ARTICLE 5
FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of $45,000. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

Additional Franchise Agreements: This Agreement does not grant to Franchisee the right to enter into additional Vanity Fur Business Franchise Agreements, additional franchise rights or, right of first refusal. If, during the original Term of this Agreement, Franchisee enters into any additional Franchise Agreements with Franchisor for additional Vanity Fur Businesses, then Initial Franchise Fee shall be discounted by 50% off of Franchisor's then current franchise fee. All additional Franchise Agreements between Franchisor and Franchisee, shall be subject to the terms of Franchisor's then current Franchise Agreement and shall be subject to Franchisor's acceptance and approval of Franchisee's request to enter into an additional Franchise Agreements, that Franchisor may approve or disapprove of in Franchisor's Reasonable Business Judgment.

5.B. ROYALTY FEES

Royalty Fees: Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the "Royalty Fee") in an amount equal to 5% of Gross Sales (as applicable, the "Royalty Rate") of Franchisee's monthly Gross Sales. The Royalty Fee shall be calculated and payable on a monthly basis for each respective monthly Accounting Period. During any Renewal Term, the Royalty Fee shall be determined by Franchisor but shall not be less than the Royalty Fee and Royalty Rate set forth in this Agreement.

Payment and Due Date: The Royalty Fee shall be calculated on a monthly basis for each respective monthly Accounting Period. Royalty Fee payments shall be paid by Franchisee to Franchisor monthly by ACH, electronic funds transfer, or as otherwise designated by Franchisor and shall be due on the first Thursday of each monthly Accounting Period for the preceding month, and each month thereafter throughout the entire Term of this Agreement or, such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the "Due Date").

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor's designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor's direct withdrawal and/or electronic transfer of sums from Franchisee's designated business bank account, for the on-going payment of Royalty Fees and, all other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor's current ACH Authorization that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 4. Franchisor may require Franchisee to pay the Royalty Fees, and, other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

Royalty and Activity Reports: On the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding monthly Accounting Period (the "Royalty and Activity Report"). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

5.C. OTHER FEES

As designated by Franchisor in this Agreement, the Operations Manual, or otherwise, Franchisee shall pay to Franchisor and/or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fee – Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable technology fee (the "Technology Fee"). Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right, at any and all times throughout the Term of this Agreement, to implement and charge Franchisee a monthly Technology Fee in an amount designated by Franchisor but provided that such monthly fee does not exceed $350 per month for the first Service Vehicle, and $50 per month for each additional Service Vehicle. The

Technology Fee is a general administrative fee and is not connected to any particular service. The Technology Fee shall be paid to Franchisor each and every month on the Due Date.

(2) Brand Development Fund Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees the Brand Development Fund Fee as set forth in Article 9.A. of this Agreement.

(3) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee's Vanity Fur Business and secret shopper evaluations.

(4) Annual Conference Fees – Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. **Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference.**

(5) Software and Services Fee – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees on-going weekly, monthly, and/or per use fees related to software and other services designated by Franchisor related to technology systems for Franchisee's Vanity Fur Business.

(6) Supplemental Training Fees – Franchisee shall pay to Franchisor all training fees in accordance with the terms of this Agreement including, but not limited to, Additional Initial Training Fees and Supplemental Training Fees.

(7) Non-Compliance Fees – Franchisee shall pay to Franchisor all Non-Compliance Fees in accordance with the terms of this Agreement including, but not limited to, Payment Non-Compliance Fees, Operations Non-Compliance Fees, and Reporting Non-Compliance Fees.

(8) All Other Fees and Obligations Set Forth in this Agreement – Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees all other fees, charges, and/or expenses set forth in this Agreement and in accordance with the terms of this Agreement. If no particular due date is stated in this Agreement, then such date or dates shall be determined by Franchisor in Franchisor's Reasonable Business Judgment.

5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of $150 (the "Payment Non-Compliance Fee") for each and every instance where a fee, charge, and/or obligation payable to Franchisor under this Agreement is not paid in full when due; plus (b) interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees, costs, and expenses. Additionally, if Franchisee's bank account possesses insufficient funds and/or fails to process a payment related to any fee due to Franchisor, Franchisor may charge the greater of either (i) 5% of the amount; (ii) $50 for each instance; or (iii) the maximum amount allowed by law. The foregoing does not

constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Nothing contained in this Article 5.D. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.F. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

ARTICLE 6
RESTRICTIVE COVENANTS AND OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and/or Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of Vanity Fur Businesses. Accordingly, Franchisee and Franchisee's Owners and, Spouses agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that, at all times, both during the Term of this Agreement and after its expiration or termination, Franchisee: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement and as instructed by Franchisor; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the Vanity Fur Business operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any

Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not a Vanity Fur Business; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other Vanity Fur Business franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article 6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

6.F. IMMEDIATE FAMILY MEMBERS

Franchisee agrees that should Franchisee circumvent the restrictive covenants and obligations of this Article 6 by disclosing Confidential Information or Know-How to an Immediate Family Member that Franchisor and, the System, will be irreparably harmed. Franchisee agrees that if Franchisee or, one of Franchisee's

Owners, discloses Confidential Information or Know-How to an immediate family member and, the immediate family member of Franchisee or an Owner, uses the Confidential Information or Know-How to engage in activities that, for Franchisee, qualify as Prohibited Activities, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor, that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information or Know-How and that, therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner: (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities; and/or (b) uses or discloses the Confidential Information and/or Know-How. Franchisee may rebut the foregoing presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owners disclosed the Confidential Information and, did not permit disclosure of the Confidential Information to the family member of Franchisee or Franchisee's Owner. Franchisee agrees that the foregoing covenants, obligations, representations, and burden of proof shall also apply to Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other Vanity Fur Business franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed $1,000. Franchisor's remedies under this Article 6.H. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee

shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of Vanity Fur Businesses. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use nor will Franchisee allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

ARTICLE 7
OPERATING STANDARDS

7.A. OPERATING REQUIREMENTS
At all times, Franchisee and the Franchised Business shall, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time: (a) exclusively offer and sell the Approved Services and Products; (b) exclusively purchase and use the System Supplies; (c) maintain a complete and updated inventory and supply of System Supplies; (d) maintain, update, replenish and replace Franchisee's System Supplies; (e) maintain, update, replenish and recondition Franchisee's Administrative Office; and (f) maintain Franchisee's Service Vehicles and System Supplies in a clean and safe condition and in conformity with the brand standards related to the Licensed Marks and System.

7.B. MAINTENANCE, UPDATES AND UPGRADES
At all times, Franchisee shall update, upgrade, maintain, replenish, replace and recondition Franchisee's System Supplies, Service Vehicle(s), and, if applicable, Franchisee's Administrative Office as specified by Franchisor in the Operations Manual and/or otherwise in writing, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time. Notwithstanding the foregoing, Franchisee expressly agrees that the foregoing obligations relate to brand standards and specifications associated with the Licensed Marks and the Approved Services and Products and that, at all times, Franchisee is and shall exclusively remain responsible for conditions involving the safety of customers and employees in connection with the operations of the Franchised Business.

7.C. DAMAGE CAUSED BY CASUALTY
If Franchisee's Administrative Office, Service Vehicle(s) and/or System Supplies is and/or are damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than one month after such casualty, initiate repairs or reconstruction, and thereafter, in good faith and with due diligence, continue until completion of the repairs or reconstruction, to their/its original condition before casualty and otherwise in accordance with Franchisor's standards and specifications.

7.D. ALTERATIONS
At all times, Franchisee shall maintain Franchisee's System Supplies, Service Vehicles, and Administrative Office in accordance with Franchisor's current brand standards and specifications and, Franchisee shall not materially alter or modify same.

7.E. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS
Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as, designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed by Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational

requirements shall relate and include, among other things, the Approved Services and Products, the System Supplies, System standards as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, customer service and satisfaction standards including, customer rewards programs, refund policies, gift card policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, Franchisor access to Business Management Systems, and, the overall operations of the Franchised Business.

7.F. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the supplies, suppliers and equipment utilized by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, as designated by Franchisor in the Operations Manual, and/or as otherwise designated by Franchisor in writing and, as may be supplemented, modified, and/or amended by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer and sell the Approved Services and Products to customers located within Franchisee's Operating Territory;

(2) The Franchised Business shall, in accordance with Franchisor's standards and specifications as, designated and determined by Franchisor from time to time, exclusively: (a) offer and serve the Approved Services and Products; (b) provide the Approved Services and Products in accordance with the System's standards and specifications; (c) exclusively purchase and use System Supplies from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and use equipment, supplies, promotional materials, point of sale systems and Business Management Systems designated by Franchisor and, subject to Franchisor's specifications; (e) purchase displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials including, but not limited to, System Supplies as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies including, but not limited to, System Supplies used in preparing, offering, selling, promoting, and serving the Approved Services and Products;

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies and Service Vehicles, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by the Franchised Business and, that Franchisee shall abide by same;

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may, from time to time, modify the list of approved brands, suppliers and distributors of System Supplies, Service Vehicles, and approved equipment, supplies and services to be used by the Franchised Business and that Franchisee shall, after receipt in writing of such modification, abide by same and, among other things, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor;

(5) Franchisor reserves the right to designate, from time to time, a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the

System Supplies and Service Vehicles and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees of the System and that Franchisor may use all amounts so received without restriction and for any purpose, including Franchisor's profit; and

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not, presently, at the time of Franchisee's request, approved for use in the System, Franchisee: (a) must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisors Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval, which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers and Franchisor shall exclusively determine, in Franchisor's Reasonable Business Judgment, the level of evaluation to be conducted by Franchisor.

7.G. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

7.H. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall, at all times, secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules and obligations.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to customer and employee privacy obligations and protections and, all laws, rules, and regulations, related to the privacy and protection of customer and employee information and data and, all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must, at all times, immediately notify Franchisor in writing of any of the following concerning Franchisee, and/or the Franchised Business: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is completely factual and, conforms to the highest standards of ethical advertising, and is in conformity with Franchisor's standards and specifications. Franchisee shall refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, Vanity Fur Businesses, and/or the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, Vanity Fur Businesses and/or using the Licensed Marks.

(6) Franchisee shall comply with, and, cause Franchisee's Owners to comply with and/or to assist Franchisor, to the fullest extent possible, in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at http://www.treasury.gov) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner becomes so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

In connection with Franchisee's compliance with the terms of this Article 7.H., if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee's obligations under this Article 7.H. with Franchisor's standards and/or specifications as contained in this Agreement, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor's determination and/or resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business.

7.I. MANAGEMENT OF THE FRANCHISED BUSINESS

(1) Franchisee agrees that, at all times, that the development and operation of the Franchised Business shall be managed, operated, and maintained under the active, continuing management, substantial personal involvement and, hands-on supervision, of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business

unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completes Franchisor's Training Program and, otherwise meets the criteria and conditions for qualification as an Operating Manager as designated and determined by Franchisor from time to time. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager shall also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks and the System.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge fees and expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, and/or the discontinuation thereof, shall be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fee shall be immediately payable upon invoice by us.

(4) Franchisee shall, at all times, maintain sufficient working capital to fulfill its obligations under this Agreement.

7.J. FEES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") in the amount of: (a) $1,000 for each and every instance / event related to an Operations Violation involving the sale of services and/or products that are not Approved Services and Products; (b) $1,000 for each and every instance / event related to an Operations Violation involving the failure to exclusively use System Supplies, and/or Franchisor designated suppliers; and (c) $450 for all other Operations Violation. Additionally, in each of the foregoing instances, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.J. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16, and as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE 8
INSURANCE

Franchisee, at Franchisee's sole expense, must purchase and maintain in full force at all times during the Term of this Agreement an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor. The policy or policies must be written by a carrier or carriers with an A.M. Best Rating of at least A-, VII and reasonably acceptable to Franchisor. From time to time Franchisor may designate preferred insurance brokers and insurance carriers.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including 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. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees. By the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

ARTICLE 9
BRAND DEVELOPMENT AND MARKETING

9.A. BRAND DEVELOPMENT FUND

At all times and from time to time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

(1) Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than 3% of the Gross Sales of the Franchised Business for each monthly Accounting Period;

(2) Franchisor will provide Franchisee with written notice of the percentage of Gross Sales that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Sales to be paid by Franchisee to the Brand Development Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and method set forth in Article 5.B for the payment of Royalty Fees;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Administrative Office or Operating Territory;

(5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all Vanity Fur Businesses to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) Vanity Fur Businesses owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not

a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A.(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by Vanity Fur Businesses operating in that geographic area or that any Vanity Fur Businesses will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of Vanity Fur Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit Vanity Fur Businesses located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third parties.

9.B. LOCAL MARKETING

On an on-going calendar year quarterly basis, Franchisee must spend not less than the amount Franchisor designate of up to $400 per month on the local marketing of the Franchised Business within and/or targeted to Franchisee's Operating Territory. On or before the 5th day of each calendar year quarter, or, such other dates as specified by Franchisor, Franchisee shall provide Franchisor with an accurate accounting of Franchisee's local marketing expenditures, placements, activities, and metrics for the immediately preceding calendar year quarter. At the request of Franchisor, Franchisee shall provide Franchisor with on-going access to any and all data and systems that record and/or report information related to Franchisee's local marketing activities and expenditures and to provide Franchisor such other periodic reports and records as may be requested by Franchisor.

If the Franchisee's expenditures in any and all calendar year quarterly periods do not, in aggregate as to each respective calendar year quarterly period, equal or exceed the amount Franchisor designates of up to $400 per month_ for the respective quarterly period then Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may require that the deficiency be added as additional local marketing expenditures, over and above the amount Franchisor designates of up to $400 per month that Franchisee must spend within the immediately succeeding quarterly period as directed by Franchisor, or, at Franchisor's discretion, be contributed to a Brand Development Fund. All marketing of the Franchised Business by Franchisee must be pre-approved, in writing by Franchisor.

Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that:

(1) In addition to calendar year quarterly reports, Franchisee shall provide Franchisor with monthly reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor;

(2) Prior to opening the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall use only those portions of its grand opening marketing that are pre-approved by Franchisor and consistent with Franchisor's standards and specifications. Not less than 30 days prior to the opening of the Franchised Business, Franchisee shall spend not less than $1,000 per Service Vehicle to market and promote the grand-opening of the Franchised Business in accordance with Franchisor's standards and specifications;

(3) At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee must be directly targeted to Franchisee's Operating Territory. Franchisee shall not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting customers outside of Franchisee's Operating Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Operating Territory but reaches outside of and beyond Franchisee's Operating Territory Franchisor, in Franchisor's Reasonable Business Judgment, shall have the right to direct and require Franchisee to discontinue such marketing; and

(4) At all times, Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of Vanity Fur Business franchises.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Operations Manual or, as may be otherwise directed by Franchisor in writing from time to time. If Franchisee wishes to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, and/or media that are not presently and expressly approved and authorized by Franchisor, Franchisee shall submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that shall be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.C. and provided that Franchisee otherwise timely responds in writing to any and all requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence

using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund and/or, if applicable, Advertising Cooperative. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund and/or, if applicable, Advertising Cooperative. Under no circumstance shall Franchisor be under any obligation to grant any waiver of deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all and, nevertheless grant the request of another system franchisee.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possesses no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Services and Products through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 3. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY

Franchisee agrees that Franchisee's marketing and Marketing Media must be directed toward Franchisee's Operating Territory and that under no circumstance shall Franchisee cause, authorize or engage in any Media Distribution to customers, potential customers and/or customer referral sources outside of Franchisee's Operating Territory, unless: (a) such Media Distribution is a joint distribution with other Vanity Fur Businesses pursuant to an Advertising Cooperative authorized by Franchisor in writing; and (b) Franchisor, in Franchisor's Reasonable Business Judgment, otherwise agrees to same in writing.

9.G. ADVERTISING COOPERATIVE

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisee agrees that Franchisor possesses the sole and exclusive right to designate any geographic area in which two or more Vanity Fur Business franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's Vanity Fur Business or Operating Territory is located within the geographic area of an Advertising Cooperative, franchisee must participate in and contribute to the Advertising Cooperative. Franchisee agrees to the following:

> (1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Operating Territory or Franchisee's Vanity Fur Business Location, Franchisee shall participate in and make such on-going financial contributions to the Advertising Cooperative, as determined by the Advertising Cooperative;

(2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per franchisee Vanity Fur Business located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;

(3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative shall be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;

(4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's Vanity Fur Business location or Operating Territory, or if such Advertising Cooperative is established during the Term of this Agreement, Franchisee shall fully participate in the Advertising Cooperative and Franchisee shall execute, at the request of Franchisor, all documents required by Franchisor and Franchisee shall become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee shall contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or, otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, Franchisee's contributions to the Advertising Cooperative shall not exceed Franchisee's local minimum marketing obligations set forth in Article 9.B. of this Agreement and Franchisee's contributions to the Advertising Cooperative shall count toward satisfaction of Franchisee's minimum local marketing obligations set forth in Article 9.B.;

(6) Franchisee shall submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative shall be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purpose set forth in this Article 9.G.;

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

(8) Vanity Fur Businesses owned by Franchisor and/or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Operations Manual which may be modified by Franchisor from time to time.

ARTICLE 10
RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS

This Agreement does not create a fiduciary relationship between Franchisor and Franchise, Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose. The parties' relationship is strictly a Franchisor and Franchisee relationship. Franchisee is the sole employer of the employees of the Franchised Business. Franchisee has the sole right

to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Services and Products, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

Franchisee must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a Vanity Fur Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires.

Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

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

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages arising out of, or relating to, Franchisee's Administrative Office, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and

expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B shall survive the termination, expiration or Transfer of this Agreement.

Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's Vanity Fur Business that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C shall survive the termination, expiration or Transfer of this Agreement.

ARTICLE 11
LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action

that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchise shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Marks. Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed

Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of Vanity Fur Businesses and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

ARTICLE 12
RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Franchisee shall maintain during the Term, and, preserve for at least three years from the dates of their preparation, full, complete and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

12.B REPORTING OBLIGATIONS

In additional to the reporting obligations otherwise set forth in this Agreement, Franchisee agrees to the following additional reporting obligations that shall include all of the data and information requested by Franchisor, in Franchisors Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement;

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or

made available to Franchisor shall be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee's annual financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee's annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manuals.

12.C. REMEDIES FOR NONCOMPLIANCE WITH RECORDS AND REPORTING

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a "Reporting Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the "Reporting Non-Compliance Fee") in the amount of $150 for each and every failure to timely submit a report and/or record as set forth in this Article 12. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 13
INSPECTION AND AUDITS

13.A. FRANCHISOR'S RIGHT TO INSPECT

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect Franchisee's Administrative Office, Service Vehicles and System Supplies. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of the Franchised Business, operations of the Franchised Business, interview employees and customers of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies all such books, statements, records and supporting documents at all times at Franchisee's Administrative Office. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor's examination of Franchisee's records reveals that Franchisee underreported

any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor's costs in connection with Franchisor's audit/examination.

ARTICLE 14
TRANSFER OF INTEREST

14.A. TRANSFER BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements and/or Franchisor's rights and obligations under this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

(1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;

(2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Administrative Office, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;

(3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;

(4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and

(5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued

and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a Vanity Fur Business, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

(1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;

(2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;

(3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;

(4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.;

(5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;

(6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 5 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;

(7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of Vanity Fur Businesses and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) The transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Administrative Office and Service Vehicle to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's Managing Owner, Managers and/or any other applicable employees of transferee's Vanity Fur Business must complete any training programs then in effect for franchisees of Vanity Fur Businesses upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor;

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's Administrative Office (if applicable), and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Vanity Fur Business is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Vanity Fur Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's Vanity Fur Business. Franchisor's appointment of a manager for Franchisee's Vanity Fur Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Vanity Fur Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Vanity Fur Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Vanity Fur Business. Franchisor has the right to charge a reasonable fee (the "Management Service Fees") for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability, must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Vanity Fur Business is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Vanity Fur Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's Vanity Fur Business. Franchisor's appointment of a manager for Franchisee's Vanity Fur Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Vanity Fur Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Vanity Fur Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Vanity Fur Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time. Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the

Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desires to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's Vanity Fur Business, Service Vehicle, and/or Franchisee's Administrative Office, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's Vanity Fur Business, Franchisee's Administrative Office, and/or Franchisee's Administrative Office for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E of this Agreement.

ARTICLE 15
RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee

shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for one additional 10 year term (the "Renewal Term"). The foregoing Renewal Term shall not be afforded to or available to Franchisee if, prior to the Effective Date of this Agreement, the Franchised Business was previously operated or developed pursuant to a prior Franchise Agreement with Franchisor or Franchisor's predecessors respecting the Franchised Business.

15.B. CONDITIONS FOR RENEWAL

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

(1) Not less than 180 days prior to the expiration of the initial Term Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;

(2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;

(3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains the ability to continue to operate the Franchised Business within Franchisee's Operating Territory; and (b) Franchisee possesses the right to occupy and maintain Franchisee's Administrative Office in accordance with Franchisor's then current standards and specifications;

(4) Franchisee must satisfy the maintenance, update, and upgrade obligations as set forth in Article 7.B. of this Agreement;

(5) Franchisee pays the Renewal Fee and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");

(6) Franchisee's Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current individual guaranty agreements, and, thereby, among other things, individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the "Renewal Ancillary Agreements");

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor's satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form of general release whereby Franchisee and Franchisee's Owners shall each fully release and discharge Franchisor, Franchisor's affiliates and it's officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee's issuance of a general release, Franchisor at Franchisor's election, may condition renewal on Franchisee's and each Owner's delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor's agents or employees.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing conditions shall be deemed an election by Franchisee not to renew the franchise.

15.C. RENEWAL FRANCHISE AGREEMENT

Franchisee expressly acknowledges and agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor's sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

ARTICLE 16
DEFAULTS AND REMEDIES

16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(1) **Defaults and Automatic Termination** – Franchisee shall be in default of this Agreement, and, this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

(a) Franchisee becomes insolvent, and/or Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;

(b) Franchisee admits in writing Franchisee's inability to pay its debts as they mature, and/or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;

(e) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against the assets of the Franchised Business;

(k) A cause of action or lawsuit to foreclose any lien against the Service Vehicles or equipment used in the operation of the Franchised Business and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of the Franchised Business is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4) of this Agreement.

(2) **Defaults and Automatic Termination upon Written Notice without Cure Period** – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisee and/or customers of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including customers, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.C. of this Agreement and that is cured/remedied in accordance with Article 7.C.;

(e) Franchisee, as to applicable, laws, rules and/or regulations, loses and/or fails to continuously possess, the legal right to operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) Franchisee and/or Franchisee's Owners intentionally misrepresent and/or omit material information in any submitted application and during the application process;

(g) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(h) Franchisee attempts to Transfers, or purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(i) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(k) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(l) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, Vanity Fur Businesses, the Franchised Business, and/or the reputation of the Vanity Fur brand;

(m) Franchisee, an Owner, and/or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty;

(n) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo contendere to a felony crime;

(o) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, Vanity Fur Businesses, the Franchised Business, and/or the reputation of the Vanity Fur brand;

(p) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(q) Franchisee fails, upon receiving actual or constructive notice, shall: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including ,notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(r) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(s) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

(3) **Defaults and Automatic Termination After 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay and/or satisfy the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay and/or satisfy any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting, and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) **Defaults and Automatic Termination After 30 Day Cure Period** – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default / action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1), 16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in an approved location for Franchisee's Administrative Office;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall be in addition to any and all other rights set forth in this Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating the Franchised Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund and/or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchise, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

16.D. GUARANTY

The payment of all payments, amounts, fees, charges and other financial obligations payable by Franchisee to Franchisor pursuant to this Agreement, and Franchisee's observance and performance of all terms and conditions of this Agreement, are guaranteed pursuant to The Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

16.E. NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR

Franchisee shall give Franchisor advance written notice of Franchisee's intent to commence or otherwise institute any legal action or proceeding against Franchisor, specifying the basis for such proposed action, and Franchisee shall grant Franchisor 30 days from receipt of said notice to cure the alleged act upon which such legal action is to be based (hereinafter, the "30 Day Cure Notice"). Franchisee agrees that the 30 Day Cure Notice is a strict condition precedent to Franchisee commencing, or otherwise instituting, legal action or proceeding against Franchisor for any reason whatsoever.

ARTICLE 17
OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the Vanity Fur Business that was the subject of this Agreement and cease to operate such Vanity Fur Business under the System;

(2) Refrain from directly or indirectly, holding oneself/itself out to any person or entity, or represent themselves/itself as a present or former Vanity Fur franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Services and Products; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, Vanity Fur Businesses, the Franchised Business, and Franchisee's former Vanity Fur Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and Vanity Fur Businesses;

(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former Vanity Fur Business at Franchisee's Administrative Office subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Vanity Fur Business, Franchisee's former Vanity Fur Administrative Office, and Franchisee's Administrative Office, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Administrative Office has been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Vanity Fur Business at your Administrative Office; (b) remove from Franchisee's Administrative Office all distinctive physical and structural features identifying a Vanity Fur Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Administrative Office as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Vanity Fur Business. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Administrative Office at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Administrative Office will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former Vanity Fur Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 3;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this

Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

ARTICLE 18
ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each and every term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in

those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF CALIFORNIA SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Riverside County, California or, if a mediator is not available in Riverside County, California then at a suitable location selected by the mediator that is located closest to Riverside County, California. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity

of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Riverside County, California or, if suitable AAA facilities are not available in Riverside County, California then at a suitable AAA location selected by the arbitrator that is located closest to Riverside County, California.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N., 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction;

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within California and within Riverside County or the county closest to Riverside County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to the jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

18.H. VARIANCES

FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

18.J. WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors,

administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and its amendments. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Franchise Agreement.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE VANITY FUR BUSINESS FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant and other business advisors, prior to signing this Agreement.

18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.S. NON-UNIFORM AGREEMENTS

Franchisee acknowledges that Franchisor makes no representations or warranties that all other agreements with Vanity Fur Franchising, LLC franchisees entered into before or after the Effective Date do or will

contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

18.T. NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.U. HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.V. AUTHORITY TO EXECUTE

Each party acknowledges, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

18.X. JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

18.Y. RECITALS

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

ARTICLE 19
NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by

Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:	**Franchisee:**
Vanity Fur Franchising, LLC	
By: _____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated
_____	
Signature	
_____	
Name (please print)	
_____	
Dated	

Franchise Agreement – Schedule 1
Operating Territory Acknowledgment

Franchisee's Operating Territory – Franchisor and Franchisee agree that "Franchisee's Operating Territory", as such term is identified and defined in the Franchise Agreement, including, but not limited to, Article 1 of the Franchise Agreement, is identified, as follows:

[For this Schedule to be Effective this Schedule Must be Completed and Signed by Franchisor. If left incomplete then there shall be no Operating Territory]

The foregoing Operating Territory has been determined based on negotiations initiated by Franchisee and benefitting Franchisee. To the extent that the foregoing description of the Operating Territory includes and/or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Franchise Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions. All street boundaries, if any, will be deemed to end at the street center lines unless otherwise specified above.

Administrative Office Location Acknowledgment – If selected by Franchisee at the time of signing the Franchise Agreement and, if approved by Franchisor, the location for Franchisee's Administrative Office shall be:

[If left incomplete or unknown at time of executing this Agreement, Franchisee acknowledges that Administrative Office, must be located Within Franchisees Operating Territory at a location approved by Franchisor in writing.

[SIGNATURE PAGE TO FOLLOW]

Franchisee acknowledges and represents that the foregoing determination as to Franchisee's Operating Territory was based on negotiations initiated by Franchisee and for Franchisee's benefit.

Dated: _____

Franchisor:
Vanity Fur Franchising, LLC

By: _____
Signature

_____
Name and Title

_____
Signature

_____
Name (please print)

Franchisee:

_____
Signature

_____
Name (please print)

Franchise Agreement – Schedule 2
Statement of Franchisee's Owners

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.		
Owner Name	**Owner Address**	**Ownership Interest Percentage**
Name of designated **Managing Owner:**		

Dated: _____

Franchisor:
Vanity Fur Franchising, LLC

By: _____
Signature

_____
Name and Title

_____
Signature

_____
Name (please print)

Franchisee:

_____
Signature

_____
Name (please print)

Franchise Agreement – Exhibit 1
Franchise Owner and Spouse Agreement and Guaranty

FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Franchise Owner and Spouse Agreement and Individual Guaranty (the "Agreement") is individually entered into by you as either an owner of _____ (hereinafter referred to as "**Franchisee**"), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of Vanity Fur Franchising, LLC, franchisor of the Vanity Fur franchise system and in favor of Vanity Fur Franchising, LLC's successors and assigns, upon the terms and conditions set forth in this Agreement. In this Agreement Vanity Fur Franchising, LLC is referred to as "**us**", "**our**" or "**we**", and each individual that signs this Agreement is referred to as "**you**".

Recitals and Representations

WHEREAS, you acknowledge and agree that we have developed a distinctive and proprietary system (the "System") for the establishment, development and operation of a business that offers, sells and provides pet bathing and grooming, and other products and services that we authorize (the "Approved Services and Products") under the Licensed Marks (defined below) (each, a "Vanity Fur Business");

WHEREAS, Franchisee has entered into a Vanity Fur Business Franchise Agreement (the "Franchise Agreement") for the ownership, development and operation of a Vanity Fur Business (the "Franchised Business");

WHEREAS, you have received and have thoroughly reviewed the completed Franchise Agreement, including Schedules and Exhibits attached to the Franchise Agreement;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an "Owner" as set forth in this Agreement; and/or (b) the "Spouse" of an Owner of Franchisee;

WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement, among other things, personally obligates you to guarantee Franchisee's obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Franchise Agreement with Franchisee.

NOW THEREFORE, to induce us to enter into the Franchise Agreement and as consideration to us for entering into the Franchisee Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations.

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions.

Supplementing the terms and definitions contained in the Recitals and Representations:

"**Administrative Office(s)**" refers to and means the fixed administrative offices and/or facilities from which Vanity Fur Businesses are established, operated and managed.

"**Approved Services and Products**" shall have the meaning defined in the "Recitals" section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by Vanity Fur Businesses. We shall exclusively designate and determine the Approved Services and Products and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that we may make from time to time and our right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

"**Business Management System**" refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business. We reserve the right to modify and designate alternative Business Management Systems as we determine in our Reasonable Business Judgment. Without limitation to the foregoing, the Business Management System may include: (a) multiple point of sale systems installed and maintained on-site at the Administrative Office; (b) portable tablet and/or computer systems utilized on-site when providing services to customers of the Franchised Business; (c) web based, private server based, network based and/or cloud based customer ordering systems, processing systems, production systems and/or service delivery systems; and (d) customer membership and rewards systems. The Business Management System or systems may, in whole or in part, include and utilize internet, intra-net and cloud based and accessed applications, software, databases and/or systems that require Franchisee to access such systems and information through the internet or a private network and that stores the data and information relating to the Franchised Business on off-site servers through accounts and/or servers controlled by us. At all times, we shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee's Business Management System Data.

"**Business Management System Data**" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.

"**Competitive Business**" refers to and means any business that is the same as or similar to a Vanity Fur Business including, but not limited to, any business that offers and/or provides services and/or products relating to pet bathing and grooming.

"**Confidential Information**" refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of the Franchise Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Vanity Fur Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Vanity Fur Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Vanity Fur Businesses; (d) customer lists and information related to Vanity Fur Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

"**Copyrights**" refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow Vanity Fur Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a Vanity Fur Business, whether as of the Effective Date or any time in the future.

"**Corporate Entity**" refers to and means a corporation, Limited Liability Company, partnership or other corporate legal entity that is not an individual person.

"**Digital Media**" refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, and YouTube, and world wide web and internet based directories and local directories that refer, reference, identify, review, promote and/or relate, in any way, to Vanity Fur Businesses, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

"**Effective Date**" refers to the "Effective Date" of the Franchise Agreement as the term "Effective Date" is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

"**Franchised Business**" refers to and means the Vanity Fur Business to be developed, owned and operated by Franchisee pursuant to the terms of the Franchise Agreement.

"**Franchisee's Administrative Office**" refers to and means the Vanity Fur Administrative Office from which Franchisee establishes, operates and manages the Franchised Business.

"**Franchisee's Operating Territory**" refers to and means the "Operating Territory" as such term is set

forth and defined in the Franchise Agreement.

"**Immediate Family**" refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

"**Intellectual Property**" refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

"**Know-How**" refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Vanity Fur Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

"**Licensed Marks**" refers to and means the trademarks, service marks, emblems and indicia of origin, including the "Vanity Fur" trademark, the Vanity Fur logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of Vanity Fur Businesses and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of Vanity Fur Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Vanity Fur Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and sold by the Franchised Business and the System Supplies that must be exclusively utilized by the Franchised Business. Only Approved Services and Products may be offered and sold by the Franchised Business. Only System Supplies may be used by Franchisee in the operations of the Franchised Business.

"**Owner**" refers to and means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

"**Prohibited Activities**" refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or

franchisees) or of Franchisee to any other person or business that is not a Vanity Fur Business.

"**Reasonable Business Judgment**" refers to, means, and relates to any and all decisions, actions and choices made by us concerning or relating to the Franchise Agreement, the System, Vanity Fur Businesses and the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of Vanity Fur Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. The Franchisee has agreed and, you acknowledge and agree, that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us takes precedence and prevails, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee has agreed and, you acknowledge and agree, that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment as franchisor that: (a) we possesses a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee's or your individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agreed and you agree that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee's or such third party's judgment for our Reasonable Business Judgment. Franchisee agreed and, you agree, that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

"**Restricted Period**" refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee.

"**Restricted Territory**" refers to and means the geographic area: (a) comprising Franchisee's Operating Territory; (b) comprising a 25 mile radius surrounding Franchisee's Operating Territory (or, if Franchisee is not granted an operating territory, then a 25 mile radius surrounding Franchisee's Administrative Office); (c) comprising each of the operating territories, respectively, of other Vanity Fur Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within

Franchisee's Operating Territory plus a 25 mile radius surrounding Franchisee's Operating Territory or, if Franchisee is not granted or designated an operating territory, then a 25 mile radius surrounding Franchisee's Administrative Office.

"**Spouse**" refers to and means, as of the Effective Date, the legal spouse of an Owner.

"**System**" refers to and means our system for the development, establishment and operation of Vanity Fur Businesses including, but not limited to: (a) the Approved Services and Products, System Supplies, and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Vanity Fur Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Vanity Fur Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"**System Supplies**" refers to and means the equipment and supplies designated by us as required for use in connection with Franchisee's Vanity Fur Business and the Approved Services and Products. Without limitation to the foregoing, the System Supplies shall include Vanity Fur branded, non-branded and third party branded equipment and supplies designated by us for use in the day-to-day operations of Franchisee's Vanity Fur Business including, among other things: bathing and grooming equipment, uniforms, products stationary, sales slips, receipts, customer notices and other forms and materials, designated by us in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by us from time to time in our Reasonable Business Judgment. System Supplies shall further include those products that we authorize for sale to customers of Franchisee's Vanity Fur Business.

"**System Website**" refers to and means the web page and/or pages located on the world wide web at the www.vanityfurs.com URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of www.vanityfurs.com, or as designated by us as being associated with the URL of www.vanityfurs.com and/or Vanity Fur Businesses.

"**Trade Dress**" refers to and means the Vanity Fur Business designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

"**Vanity Fur Business(s)**" shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement,

the definition of "Vanity Fur Businesses", shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

(a) as of the Effective Date you are an Owner and/or Spouse;

(b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;

(c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee that you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and

(f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.

(a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage

in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm the System and us.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify

the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other Vanity Fur Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the

Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Personal Guaranty of Franchise Agreement and Financial Obligations.

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Franchise Agreement and the Ancillary Agreements upon demand if Franchisee fails or refuses punctually to do

so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Franchise Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Franchise Agreement and/or and Ancillary Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association ("AAA") for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Riverside County, California or, if suitable AAA facilities are not available in Riverside County, California then at a suitable AAA location selected by the arbitrator that is located closest to Riverside County, California.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) **Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within California and within Riverside County or the county closest to Riverside County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.**

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

8. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of California and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, each undersigned has executed this Agreement as of the date set forth below.

Owner / Spouse:	**Owner / Spouse:**
Signature of Owner / Spouse	Signature of Owner / Spouse
Name (please print individual name)	Name (please print individual name)
Date	Date
Signature of Owner / Spouse	Signature of Owner / Spouse
Name (please print individual name)	Name (please print individual name)
Date	Date

Franchise Agreement – Exhibit 2
Confidentiality Agreement

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]

CONFIDENTIALITY AGREEMENT (Sample Only)

This Agreement (the "Agreement") is entered into by the undersigned ("you") in favor of:

[Insert on the Line Below Name of Franchisee that Owns and Operates the Vanity Fur Franchised Business]

_____ (hereinafter referred to as "us", "our" or "we")

Recitals and Representations

WHEREAS, we are the owners of a licensed Vanity Fur Business (hereinafter referred to as the "Vanity Fur Business") that we independently own and operate as a Franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Vanity Fur Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Vanity Fur Franchising, LLC is not a party to this agreement and does not own or manage the Vanity Fur Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Vanity Fur Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Business Management System" refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Vanity Fur Business.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Vanity Fur Business.

"Confidential Information" refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Vanity Fur Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Vanity Fur Business; (c) customer lists and information related to the Vanity Fur Business; (d) Business Management System Data; (e) current and future information contained in the Vanity Fur Operations Manual made available to the Vanity Fur Business by Vanity Fur Franchising, LLC; and (f) production and service procedures that are not disclosed to the public but used by the Vanity Fur Business.

"*Digital Media*" refers to and means any interactive or static electronic document, application or media including, but not limited to, www.vanityfurs.com, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Vanity Fur Business or other Vanity Fur Business.

"Licensed Marks" refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Vanity Fur Business, including, but not limited to, the "Vanity Fur" word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Vanity Fur Business.

"Operations Manual" refers to and means the confidential operations manual made available to the Vanity Fur Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

"Trade Dress" refers to and means the Vanity Fur designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Vanity Fur Business.

3. **Your Access to Confidential Information.** In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Vanity Fur Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Vanity Fur Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor Vanity Fur Franchising, LLC, and other Vanity Fur franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor Vanity Fur Franchising, LLC to injunctive relief. You agree that we and/or our Franchisor Vanity Fur Franchising, LLC may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, VANITY FUR FRANCHISING, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

_____	_____
Individual Signature of Restricted Party	Individual Signature of Restricted Party
_____	_____
Name (please print)	Name (please print)
Date: _____	Date: _____

Franchise Agreement – Exhibit 3
Assignment of Telephone Numbers and Digital Media Accounts

ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS

(for the benefit of Vanity Fur Franchising, LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT ("Assignment") is entered into between _____ (the "Assignor") and Vanity Fur Franchising, LLC and its successors and assigns (the "Assignee").

WHEREAS, Assignee is the franchisor of the Vanity Fur Business franchise system (the "Vanity Fur Business Franchise System");

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a Vanity Fur Business Franchise Agreement (the "Franchise Agreement");

WHEREAS, the term "Digital Media" shall refer to and mean "any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a Vanity Fur Business, Vanity Fur Businesses, Assignor's Vanity Fur Business and/or trademarks associated with the Vanity Fur Business Franchise System and/or Assignee. Digital Media further includes the Vanity Fur Business website, web pages and website subdomains (including those related to, associated with and/or a part of the Vanity Fur Business Franchise System) associated with and/or related to Assignor's Vanity Fur Business and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the Vanity Fur Business Franchise System that is displayed and/or transmitted digitally; and

WHEREAS, in connection with Assignor's establishment and operation of a Vanity Fur Business, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor's Vanity Fur Business including, the following (all collectively referred to as the "Media"):

(a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor's Vanity Fur Business;

(b) The following telephone and facsimile numbers:

_____
_____; and

(c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the Vanity Fur Business Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor acknowledges that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.

Assignee: Vanity Fur Franchising, LLC	**Assignor:**
_____ Signature	_____ Signature
_____ Name and Title (please print)	_____ Name (please print)
_____ Dated	_____ Dated

Franchise Agreement – Exhibit 4
ACH Authorization Form

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone Number (if different from above)

Franchisee Fax No. | Franchisee Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | [ ] Checking [ ] Savings (check one) | Bank Routing No.

Bank Phone No.

Authorization:
Franchisee hereby authorizes Vanity Fur Franchising, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____

Name: _____ Federal Tax TD No.: _____

Its: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT

Franchise Agreement – Exhibit 5
General Release

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

Vanity Fur Franchising, LLC, as RELEASEE, receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASOR'S, heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASOR'S hand and seal on the date set forth below.

Releasor:

_____
Signature

_____
Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Signature and Seal

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
MULTI-UNIT DEVELOPMENT AGREEMENT

VANITY FUR
MULTI-UNIT DEVELOPMENT AGREEMENT

FRANCHISEE:

Vanity Fur Multi-Unit Development Agreement

Table of Contents

Section		Page
1.	DEFINITIONS	1
2.	DEVELOPMENT RIGHTS	4
2.1	DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS	4
2.2	LIMITED EXCLUSIVITY AND RESERVED RIGHTS	4
2.3	PERSONAL RIGHTS	4
3.	TERM AND TERMINATION	5
3.1	TERM	5
3.2	TERMINATION BY FRANCHISOR	5
4.	DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE	5
4.1	DEVELOPMENT AREA FEE	5
4.2	DEVELOPMENT BUSINESS INITIAL FRANCHISE FEES	6
4.3	PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS	6
4.4	DEVELOPMENT SCHEDULE	6
4.5	REASONABLENESS OF DEVELOPMENT SCHEDULE	7
5.	OTHER OBLIGATIONS OF FRANCHISEE	7
5.1	EXECUTION OF FRANCHISE AGREEMENTS	7
5.2	ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT	7
5.3	MODIFICATIONS TO FRANCHISE AGREEMENT	7
5.4	COMPLIANCE WITH FRANCHISE AGREEMENTS	7
5.5	SITE SELECTION	7
5.6	SITE SELECTION CRITERIA	8
6.	TRANSFER OF INTEREST	8
6.1	BY FRANCHISOR	8
6.2	BY FRANCHISEE	8
7.	ENFORCEMENT AND CONSTRUCTION	8
7.1	SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS	8
7.2	WAIVER OF OBLIGATIONS	9
7.3	SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF	9
7.4	RIGHTS OF PARTIES ARE CUMULATIVE	9
7.5	GOVERNING LAW	9
7.6	CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION	10
7.7	VARIANCES	11
7.8	LIMITATIONS OF CLAIMS	12
7.9	WAIVER OF PUNITIVE DAMAGES	12
7.10	WAIVER OF JURY TRIAL	12
7.11	BINDING EFFECT	12
7.12	COMPLETE AGREEMENT	12
7.13	ATTORNEY FEES AND EXPENSES	12
7.14	WAIVER OF CLASS-ACTION: INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS	13
7.15	ACCEPTANCE BY FRANCHISOR	13
7.16	OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS	13
7.17	NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS	13
7.18	NON-UNIFORM AGREEMENTS	13
7.19	NO RIGHT TO OFFSET	13
7.20	HEADINGS	13
7.21	AUTHORITY TO EXECUTE AND BIND	14
7.22	COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES	14
7.23	JOINT AND SEVERAL LIABILITY	14
7.24	RECITALS AND REPRESENTATIONS	14
8.	NOTICES	14

Schedule

Schedule A Development Information Sheet

Vanity Fur

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (the "Agreement") is made and entered into on _____, 20__ ("Effective Date"), by and between Vanity Fur Franchising, LLC, a California limited liability company with a principal place of business located at 12495 Limonite Avenue, #1023, Eastvale, California91752, (the "Franchisor") and _____(the "Franchisee").

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the "System") for the establishment, development and operation of a business that offers, sells and provides pet bathing and grooming, and other products and services (each, a "Franchised Business" or "Vanity Fur Business");

WHEREAS, the System and, therefore, each Vanity Fur Business is identified by the Marks (defined below) and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time;

WHEREAS, simultaneous or prior to the execution of this Agreement, Franchisor and Franchisee have entered into a Vanity Fur Franchise Agreement for Franchisee's development and operation of a Franchised Business (the "First Development Business") to be located within a territory located within the Development Area (defined below);

WHEREAS, Franchisee has requested the right to develop and operate multiple Franchised Businesses (each a "Development Business") to be located with a defined geographical area (the "Development Area") in accordance with a development schedule that must be strictly adhered to, with each Business within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor's then current Franchise Agreement for Vanity Fur Businesses (each, a "Franchise Agreement"); and

WHEREAS, Franchisee agrees that adherence to the terms of this Agreement, each and every Franchised Business individual unit Franchise Agreement, Franchisor's operations manual, and Franchisor's System standards and specifications, are essential to the operation of all Vanity Fur Businesses and the System as a whole.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree, as follows:

SECTION 1
DEFINITIONS

Supplementing the definitions contained in the Recitals, above, the following terms will have the meaning as defined below:

"**Abandonment**" refers to and means the conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue the development and/or operation of the Vanity Fur Businesses in the Development Area in accordance with the terms of this Agreement.

"**Affiliates**" means individually or collectively, any and all entities controlling, controlled by, or under common ownership with Franchisor.

"**Business**" shall have the meaning set forth in the Recitals and shall refer to all Businesses operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

"**Business Location(s)**" refers to and means the fixed locations from which the administrative offices for Vanity Fur Businesses are managed.

"**Corporate Entity**" refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Cumulative Development Businesses**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Development Area**" shall have the meaning defined and set forth in Section 2.1 of this Agreement.

"**Development Area Fee**" shall have the meaning defined and set forth in Section 4.1 of this Agreement.

"**Development Business**" shall have the meaning defined and set forth in Section 2.1 of this Agreement.

"**Development Business Initial Franchise Fee**" shall have the meaning defined and set forth in Section 4.2 of this Agreement.

"**Development Information Sheet**" refers to and means the Development Information Sheet attached to this Agreement as Schedule A. The Development Information Sheet is incorporated into this Agreement.

"**Development Period**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Development Schedule**" shall have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Effective Date**" shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

"**First Development Business**" refers to and means the Business to be developed by Franchisee as the first Development Business to be developed and operated by Franchisee within the Development Area.

"**Franchise Agreement**" refers to and means Franchisor's individual unit Vanity Fur Business Franchise Agreement as designated and determined by Franchisor from time to time.

"**Marks**" means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor's affiliates, in connection with the operation of Businesses.

"**Newly Opened Development Business(s)**" shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

"**Operations Manual**" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Vanity Fur Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Vanity Fur Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and provided by the Franchised Business.

"**Owner**" refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee as of the Effective Date; (b) the managing member(s) or manager(s) of Franchisee as of the Effective Date, if franchisee is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee as of the Effective Date and/or of any entity directly or indirectly controlling Franchisee;

"**System**" shall have the meaning defined in the "Recitals" section of this Agreement and further means Franchisor's distinct and proprietary business format for the operation of a business offering pet bathing and grooming, and related products and services including the methods, products, techniques, procedures, signs, designs, layouts, equipment, standards, specifications, Marks, and Franchisor's Operations Manual (including the contents thereof), marketing and advertising methods, vendor lists, trade secrets and confidential information as the same may be modified, amended or replaced from time to time hereafter by Franchisor.

"**Term**" refers to and means the period of time set forth and defined in Section 3.1 of this Agreement.

"**Total Development Businesses**" refers to and means the aggregate number of Development Businesses as defined in Section 2.1 of this Agreement.

"**Transfer**" refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

"**Vanity Fur Business(es)**" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of "Vanity Fur Businesses", shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor,

Franchisor's affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

SECTION 2
DEVELOPMENT RIGHTS

2.1 DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS

Franchisor grants to Franchisee the right, and Franchisee accepts the right and undertakes the obligation to develop Vanity Fur Businesses, each to be developed, opened and operated by Franchisee within the Development Area (each, a "Development Business"), provided that Franchisee develops, opens and operates such Development Businesses in strict accordance with the Development Schedule, and, in accordance with the terms and provisions of each respective Franchise Agreement.

The aggregate number of Development Businesses (including the First Development Business) (collectively, referred to as the "Total Development Businesses") that are authorized by this Agreement and required for development, subject to the terms of this Agreement and each respective Franchise Agreement, is set forth and defined in the Development Information Sheet.

The Development Area is and shall constitute the geographic area set forth and identified in the Development Information Sheet.

The Development Information Sheet is attached as Schedule A to this Agreement and is incorporated into and made a part of this Agreement. To be effective the Development Information Sheet must be completed and signed by Franchisor.

Franchisee agrees that Franchisee must: (a) open and commence the operations of each new Development Business in accordance with the Development Schedule for each respective Development Period, as set forth in this Agreement; and (b) maintain in operation the minimum cumulative number of Development Businesses in accordance with the Development Schedule for each respective Development Period. Franchisee agrees that *"time is of the essence"* with respect to Franchisee's development obligations under this Agreement, and that Franchisee's failure to comply with the Development Schedule is grounds for immediate termination of this Agreement and, any future development rights granted under this Agreement.

During the Term of this Agreement, provided that Franchisee is in compliance with the terms and provisions of this Agreement including, but not limited to, the Development Schedule, and each respective Franchise Agreement, Franchisor will not open, operate, or license any third party the right to open or operate Vanity Fur Businesses within the Development Area. Franchisee agrees that the designated territory for each Development Business shall be determined by the Franchise Agreement for each respective Development Businesses and that, in aggregate, the operating territories for Franchisee's Development Businesses may be smaller than the Development Area.

2.2 LIMITED EXCLUSIVITY AND RESERVED RIGHTS

Except as provided in Section 2.1 of this Agreement, the rights granted in this Agreement are non-exclusive. Franchisor, on Franchisor's own behalf and on behalf of Franchisor's affiliates, successors and assigns, reserves all other rights not expressly granted to Franchisee in this Agreement.

2.3 PERSONAL RIGHTS

Franchisee does not and shall not have or possess the right to franchise, subfranchise, license, sublicense and/or otherwise Transfer Franchisee's rights under this Agreement. The rights and privileges granted and conveyed to the Franchisee in this Agreement may not be Transferred, and, among other things, relate only

to Development Area and subject to the terms and conditions of each respective Franchise Agreement for each Development Business.

SECTION 3
TERM AND TERMINATION

3.1 TERM

This Agreement will be for a term (the "Term") that commences as of the Effective Date and, unless earlier terminated by Franchisor, will automatically end on the earlier of (a) the last day of the calendar month that the final Development Business is required to be opened and operating under the Development Schedule, (b) the day the final Business is open, or (c) the date of termination of this Agreement pursuant to the terms of this Agreement. Upon expiration or termination of this Agreement for any reason, Franchisee will not have any rights within the Development Area other than territorial rights that may have been granted to Franchisee and maintained by Franchisee pursuant to the terms of any and/or each respective Franchise Agreement. The Term may not be renewed or extended.

3.2 TERMINATION BY FRANCHISOR

Franchisor possesses the right, at Franchisor's option, to terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee with any opportunity to cure such default, effective upon written notice to Franchisee, or automatically upon the occurrence of any of the following events: (a) if Franchisee Abandons Franchisee's obligations under this Agreement; (b) if Franchisee for four consecutive months, or any shorter period that indicates an intent by Franchisee to discontinue Franchisee's development of Businesses within the Development Area; (c) if Franchisee becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Franchisee, under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit or creditors or a receiver is appointed by the Franchisee; (d) if Franchisee fails to meet its development obligations under the Development Schedule for any single Development Period including, but not limited to, Franchisee's failure to establish, open and/or maintain the cumulative number of Vanity Fur Businesses in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Development Business and/or any other Franchise Agreement between Franchisor and Franchisee.

SECTION 4
DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE

4.1 DEVELOPMENT AREA FEE

In exchange for the rights set forth and granted pursuant to the terms of this Agreement, upon execution of this Agreement, Franchisee shall pay to Franchisor a development area fee (the "Development Area Fee"). The Development Area Fee is not refundable under any circumstance.

The amount of the Development Area Fee is set forth in the Development Information Sheet.

Franchisee agrees that the Development Area Fee is not a franchise fee and, that at the time of signing each respective Franchise Agreement, Franchisee shall pay to Franchisor an initial franchise fee and all other fees in accordance with the terms and conditions of each respective Franchise Agreement, except that the initial franchise fee shall conform to the amounts set forth in Section 4.2 of this Agreement. If the then current standard Franchise Agreement to be signed by the Franchisee respecting a Development Business to be established and operated by Franchisee specifies an initial franchise fee that is greater than or different from the initial franchise fee specified in Section 4.2, below, then the amount of the initial franchise fee as

specified in Section 4.2 shall govern. However, all other terms and provisions of each respective Franchise Agreement, as to each Respective Development Business, shall take precedence and govern.

4.2 DEVELOPMENT BUSINESS INITIAL FRANCHISE FEES

The initial franchise fee for each respective Development Business (the "Development Business Initial Franchise Fee"), to be developed and operated pursuant to the terms and conditions of each respective Franchise Agreement, shall be comprised of the applicable fixed sums set forth in the Development Information Sheet.

4.3 PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS

The applicable initial franchise fee as set forth in Section 4.2 of this Agreement for the first Development Business shall be payable as set forth in accordance with the terms of the Franchise Agreement for Franchisee's first Development Business. The applicable initial franchise fees, if any, as may be set forth in Section 4.2 of this Agreement for all other Development Businesses authorized by this Agreement, shall be paid in such amounts as set forth in Section 4.2 of this Agreement at the time of signing the Franchise Agreement for each respective Development Business.

Either prior to or simultaneous to the execution of this Agreement, Franchisee has signed the Franchise Agreement for Franchisee's first Development Business. Franchisee's second Development Business and all Development Businesses thereafter, respectively, are to be developed and operated by Franchisee pursuant to the terms and conditions of Franchisor's then current Franchise Agreement which Franchisee must sign, on or before the earlier of: (a) The date Franchisee (subject to Franchisor's approval of the Business Location) executes a lease for the Business Location for each respective Development Business; (b) The date Franchisee (subject to Franchisor's approval of the Business Location) enters into a purchase agreement for the real estate for the Business Location for each respective Development Business; or (c) six months prior to the date that each respective Development Business must be open and in operation pursuant to the Development Schedule.

4.4 DEVELOPMENT SCHEDULE

Franchisee agrees that to induce Franchisor to enter into this Agreement, Franchisee agrees to develop, establish and operate Development Businesses in strict accordance with the requirements of a development schedule (the "Development Schedule"). The Development Schedule, among other things, sets forth and defines each respective measurement period / measurement periods (each, respectively, a "Development Period") and the number of Development Businesses that Franchisee must establish and open (a "Newly Opened Development Business(s)") within the respective Development Period and, the minimum number of cumulative Development Businesses (the "Cumulative Development Businesses") that must be open and in operation as of the last day of each applicable Development Period.

The Development Schedule is set forth in the Development Information Sheet.

Franchisee agrees that, as to the Development Businesses, Franchisee shall meet the requirements of the Development Schedule including, without limitation, requirements as to the number of Development Businesses that must be timely developed, established, open, and in operation by Franchisee within the Development Area and as to each respective Development Period.

4.5 REASONABLENESS OF DEVELOPMENT SCHEDULE

Franchisee agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Vanity Fur Businesses within the Development Area, that Franchisee approves of the Development Schedule as being reasonable and viable, and that Franchisee recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement with time being of the essence.

SECTION 5
OTHER OBLIGATIONS OF FRANCHISEE

5.1 EXECUTION OF FRANCHISE AGREEMENTS

For each Vanity Fur Business owned, developed and opened for business by the Franchisee in the Development Area, Franchisee must execute Franchisor's then current standard Franchise Agreement. A then current standard Franchise Agreement must be executed by the Franchisee for each and every Development Business on or before the earlier of: (a) the date Franchisee (subject to Franchisor's approval of the Business Location) executes a lease for the Business Location for each respective Development Business; (b) the date Franchisee (subject to Franchisor's approval of the Business Location) enters into a purchase agreement for the real estate for the Business Location for each respective Development Business; or (c) six months prior to the date that each respective Development Business must be open and in operation pursuant to the Development Schedule.

5.2 ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT

Franchisee agrees that pursuant to the terms of each respective Franchise Agreement respecting and/or concerning the Development Area and/or this Agreement, that nothing contained in this Agreement shall obviate and/or reduce Franchisees obligations as set forth in each respective Franchise Agreement including, without limitation, Franchisees obligations, respectively, to pay royalty and all other fees in accordance with each respective Franchise Agreement. Nothing contained in this Agreement shall modify, reduce or mitigate Franchisee's obligations to Franchisor. The only fee and right contained in the Franchise Agreement that is modified by this Agreement is the fixed one-time initial franchise fee paid by Franchisee to Franchisor at the time of signing the Franchise Agreement, as such initial franchise fee is set forth and defined in Section 4.2 of this Agreement as to the Development Businesses.

5.3 MODIFICATIONS TO FRANCHISE AGREEMENT

Franchisee agrees that what constitutes Franchisor's then current Franchise Agreement shall be determined by Franchisor, in Franchisor's exclusive discretion and that, among other things, the Franchise Agreement may be modified from time to time by Franchisor and that reasonable modification and amendments to the Franchise Agreement will not alter Franchisee's obligations under this Agreement.

5.4 COMPLIANCE WITH FRANCHISE AGREEMENTS

Franchisee will operate the Development Businesses and all other Vanity Fur Businesses in strict compliance with the terms and conditions of each respective Franchise Agreement.

5.5 SITE SELECTION

Franchisee will be solely responsible for selecting the site(s) for the Franchisee's Business Locations. In accordance with the terms and conditions of each respective Franchise Agreement, Franchisee must obtain Franchisor's prior written approval as to each potential Business Location selected by Franchisee. To the extent required, Franchisee will retain an experienced commercial real estate broker or salesperson who has sufficient experience in locating Business sites to locate, acquire, purchase or lease the site for the Franchisee's Development Businesses. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Development Businesses, to

assist Franchisee in the selection of a suitable site for the Development Businesses, or to provide any assistance to the Franchisee in the purchase or lease of the site for the Development Businesses.

5.6 SITE SELECTION CRITERIA

Franchisee will not lease, purchase or otherwise acquire Business Locations for the Development Businesses until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee and has been approved by Franchisor. Information requested by Franchisor may include, without limitation, information regarding the proposed Business Location as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. Franchisee shall not enter into any lease or purchase agreement with respect to any proposed Business Location until Franchisor has approved the site.

SECTION 6
TRANSFER OF INTEREST

6.1 BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to transfer and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee.

6.2 BY FRANCHISEE

Franchisee shall not Transfer and/or assign this Agreement without the express written consent of Franchisor which Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. If Franchisee is a Corporate Entity the Owners of Franchisee shall not Transfer their ownership and/or equity interests in Franchisee without the express written consent of Franchisor which Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. Any Transfer and/or assignment in violation of the foregoing shall constitute a material default of this Agreement and shall result in the immediate and automatic termination of this Agreement.

SECTION 7
ENFORCEMENT AND CONSTRUCTION

7.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is

invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

7.2 WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

7.3 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System.

7.4 RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

7.5 GOVERNING LAW

THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF California, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR

SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF California SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

7.6 CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Riverside County, California or, if a mediator is not available in Riverside County, California then at a suitable location selected by the mediator that is located closest to Riverside County, California. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Section 7.6(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Section 7.6(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Section 7.6. All arbitration proceedings shall be conducted in Riverside County, California or, if suitable AAA facilities are not available in Riverside County, California then at a suitable AAA location selected by the arbitrator that is located closest to Riverside County, California.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Sections 7.8, 7.9, 7.13, 7.14, 7.17, and 7.23. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Section 7.8 of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Section 7.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Section 7.6, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within California and within Riverside County or the county closest to Riverside County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

7.7 VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

7.8 LIMITATIONS OF CLAIMS

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

7.9 WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

7.10 WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

7.11 BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

7.12 COMPLETE AGREEMENT

This Agreement and the Schedule A Development Information Sheet, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and its amendments. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Multi-Unit Development Agreement.

7.13 ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or

litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

7.14 WAIVER OF CLASS-ACTION:
INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS
FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE VANITY FUR BUSINESS FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

7.15 ACCEPTANCE BY FRANCHISOR
This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

7.16 OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS
Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant and other business advisors, prior to signing this Agreement.

7.17 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS
Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers.

7.18 NON-UNIFORM AGREEMENTS
Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Vanity Fur Franchising, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

7.19 NO RIGHT TO OFFSET
Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

7.20 HEADINGS
The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

7.21 AUTHORITY TO EXECUTE AND BIND

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

7.22 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

7.23 JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

7.24 RECITALS AND REPRESENTATIONS

The parties acknowledge and agree that the recitals and representations contained on the first page of this Agreement are true and accurate, shall constitute a material part of this Agreement, and are hereby fully incorporated into the terms and conditions of this Agreement.

SECTION 8
NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:
Vanity Fur Franchising, LLC

Signature

Name and Title (please print)

Dated

Signature

Name (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

Multi-Unit Development Agreement – Schedule A
DEVELOPMENT INFORMATION SHEET

This Development Information Sheet is attached to, is incorporated into, and forms a part of the Vanity Fur Multi-Unit Development Agreement between Vanity Fur Franchising, LLC, a California limited liability company with a principal place of business located at 12495 Limonite Avenue, #1023, Eastvale, California 91752, (the "Franchisor") and _____(the "Franchisee").

Defined terms shall have the meanings set forth in the Vanity Fur Multi-Unit Development Agreement between Franchisor and Franchisee and are further defined and set forth in this Development Information Sheet.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following is a list of each Owner of Franchisee:

Owner Name	Owner Address	Ownership Interest Percentage

Development Area Fee	Total Development Businesses
$90,000	**3**

Development Area
[To be Effective this Schedule Must be Completed and Signed by Franchisor]

Development Business Initial Franchise Fee for the First Development Business
FIRST DEVELOPMENT BUSINESS: The Development Business Initial Franchise Fee for the First Development Business is: $45,000, payable and due upon execution of the applicable Franchise Agreement for the First Development Business. This initial franchise fee is separate from and in addition to the Development Area Fee.

Development Business Initial Franchise Fee for Other Development Businesses
OTHER AUTHORIZED DEVELOPMENT BUSINESSES: Provided that Franchisee is not in default of the terms of this Vanity Fur Multi-Unit Development Agreement (including but not limited to the Development

Schedule set forth below) and that neither Franchisee nor Franchisee's affiliates are in default of any Franchise Agreement or other agreement with Franchisor, the Development Business Initial Franchise Fee for each additional Development Business (over and above the First Development Business), is: $0 (Waived), payable at the time of signing the Franchise Agreement for each Development Business.

Development Schedule		
Development Period	Newly Opened Development Businesses	Cumulative Development Businesses
Development Period 1: **[---------- TO ----------]**	**[------]**	**[------]**
Development Period 2: **[---------- TO ----------]**	**[------]**	**[------]**
Development Period 3: **[---------- TO ----------]**	**[------]**	**[------]**

This Development Information Sheet shall be effective as of the Effective Date of the Vanity Fur Multi-Unit Development Agreement.

Franchisor:
Vanity Fur Franchising, LLC

_____
Signature

_____
Name and Title (please print)

_____
Dated

_____
Signature

_____
Name (please print)

_____
Dated

Franchisee:

_____
Signature

_____
Name (please print)

_____
Dated

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT G
LIST OF FRANCHISEES

FRANCHISEES (as of December 31, 2023)			
State	**Address**	**Franchisee**	**Contact Information**
CA	15453 Arlington Avenue Fontana, California 92336	Iris Peterson (NAIDEN LLC)	Irisp@vanityfurs.com
	39415 Ardenwood Way, Unit 3118 Lake Elsinore, California 92532	Sierra Lovett (Gotta Lovett LLC)	SierraL@vanityfurs.com

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT H
LIST OF FRANCHISEES
THAT HAVE LEFT THE SYSTEM

There are no Franchisees to report in this exhibit.

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT I
STATE SPECIFIC ADDENDA

California FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. Item 17 "Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship," is supplemented by the addition of the following:

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

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

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

E. 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.

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in California with the costs being borne by the franchisee and franchisor.

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

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. 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).

5. Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."

6. The following URL address is for the franchisor's website: www.vanityfurs.com.

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.dfpi.ca.gov.

7. California's Franchise Investment Law (Corporations Code Sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees or its agents make to you, (ii) our ability to rely on any representations it makes to you, or (iii) any violation of the law.

8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

9. The department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collections of all initial fees from California franchisee util we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Connecticut FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

1. Item 3 "Litigation," is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law,

securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 "Bankruptcy," is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract be cancelled.

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by Vanity Fur Franchising, LLC, a registered business in the State of Connecticut.

Disclosure Document is dated: April 18, 2024

Hawaii FDD Amendment

Amendments to the Vanity Fur
Franchise Disclosure Document

Exhibit K "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit "K") is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

4. NO STATEMENT, QUESTIONNAIRE OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF: (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Illinois FDD Amendment

Amendments to the Vanity Fur
Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Indiana FDD Amendment

Amendments to the Vanity Fur
Franchise Disclosure Document

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

> Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations", are supplemented, by the addition of the following:

> The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

> A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
>
> C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
>
> D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
>
> E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Maryland FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

C. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Michigan FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

A. A prohibition of your right to join an association of Franchisees.

B. A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

C. A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

D. A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (a) the term of the franchise

is less than five years, and (b) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least six months advance notice of our intent not to renew the franchise.

E. A provision that permits us to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

G. A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
(ii) The fact that the proposed transferee is our or Sub-franchisor's competitor.
(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
(iv) Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than $100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

Minnesota FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees", Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

B. Item 13, "Trademarks", Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate

or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

F. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

New York FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for a franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any. statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

North Dakota FDD Amendment

Amendments to the Vanity Fur
Franchise Disclosure Document

1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

C. Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Rhode Island FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

Virginia FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17(h) is supplemented by the addition of the following:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in Vanity Fur Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Washington FDD Amendment
Amendments to the Vanity Fur
Franchise Disclosure Document

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the following amendments are made to the Franchise Disclosure Document:

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Wisconsin FDD Amendment

Amendments to the Vanity Fur
Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

CALIFORNIA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

No disclaimer, questionnaire, clause or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be constructed 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.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC	**Franchisee:**
_____	_____
Signature	Signature
_____	_____
Name and Title (please print)	Name (please print)
_____	_____
Dated	Dated

HAWAII FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement"), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled "Conditions for Approval of Transfer," is supplemented by the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and
>
> The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled "Conditions for Renewal," is supplemented by the addition of the following:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and
>
> The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

ILLINOIS FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Vanity Fur Franchising, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Article 18.F. of the Franchise Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

2. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

MARYLAND FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Vanity Fur Franchising, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
>
> A general release required as a condition of renewal, sale and/or assignment or transfer of a Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

MINNESOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Vanity Fur Franchising, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Article 14.C. of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," subarticle 14.C(6) is supplemented with the addition of the following language:

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Article 15.B. of the Franchise Agreement, under the heading "Conditions for Renewal," sub article 15.B(8) is supplemented with the addition of the

> ; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and
>
> Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading "Notification of Infringement and Claims," the subarticle 11.C. shall be supplemented by the addition of the following:

> Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C. shall be supplemented by the addition of the following:

> Franchisor shall not unreasonably withhold consent to transfer the Franchise Agreement.

5. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination Upon Written Notice Without Cure Period," the subarticle 16.A.(2). shall be supplemented by the addition of the following:

> Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination After 30 Day Cure Period," the subarticle 16.A.(4)(f), shall be supplemented by the addition of the following:

Subarticle 16.A.(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both subarticles 16.A.(2) and 16.A.(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 18.F. of the Franchise Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.F.:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K. of the Franchise Agreement, under the heading "Waiver of Jury Trial", shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I. of the Franchise Agreement, under the heading "Limitations of Claims," shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

14. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

NEW YORK FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the Vanity Fur Franchising, LLC Multi-Unit Development Agreement (the "Development Agreement"):

1. Under Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C(6) is supplemented with the addition of the following language:

> ; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B of the Franchise Agreement, under the heading "Conditions for Renewal," the subarticle 15.B(8) is supplemented with the addition of the following language:

> ; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement:

> Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Vanity Fur Franchising, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Vanity Fur Franchising, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Vanity Fur Business will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota."

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota."

3. Articles 6 of the Franchise Agreement are hereby amended by the addition of the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota."

5. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "for North Dakota Franchisees, North Dakota law shall apply."

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply."

9. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

Franchisor: Vanity Fur Franchising, LLC

Signature

Name and Title (please print)

Dated

Franchisee:

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated

WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT

Amendments to the Vanity Fur Franchise Agreement

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached Vanity Fur Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the Vanity Fur Franchising, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Vanity Fur Franchising, LLC	**Franchisee:**
Signature	Signature
Name and Title (please print)	Name (please print)
Dated	Dated

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J
STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

Effective Dates	
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.

FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT K
RECEIPTS

Vanity Fur Franchising, LLC

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Vanity Fur Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Vanity Fur Franchising, LLC does not deliver this Disclosure Document on time of 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 applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 18, 2024

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Jean Arellano	12495 Limonite Avenue, #1023, Eastvale, California91752	(866) 696-7382
Chris Brown	12495 Limonite Avenue, #1023, Eastvale, California91752	(866) 696-7382

I received a Disclosure Document issued on April 18, 2024 that included the following exhibits:

A. List of State Administrators	G. List of Franchisees
B. List of Agents for Service of Process	H List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	I. State Specific Addenda
D. Financial Statements	J. State Effective Dates
E. Franchise Agreement	K. Receipts
F. Multi-Unit Development Agreement	

Date	**Print Name**	**Signature**
Date	**Print Name**	**Signature**

Please sign this copy of the receipt, date your signature, and return it to Vanity Fur Franchising, LLC, 12495 Limonite Avenue, #1023, Eastvale, California 91752.

Vanity Fur Franchising, LLC

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Vanity Fur Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Vanity Fur Franchising, LLC does not deliver this Disclosure Document on time of 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 applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 18, 2024

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Jean Arellano	12495 Limonite Avenue, #1023, Eastvale, California91752	(866) 696-7382
Chris Brown	12495 Limonite Avenue, #1023, Eastvale, California91752	(866) 696-7382

I received a Disclosure Document issued on April 18, 2024 that included the following exhibits:

A. List of State Administrators	G. List of Franchisees
B. List of Agents for Service of Process	H. List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	I. State Specific Addenda
D. Financial Statements	J. State Effective Dates
E. Franchise Agreement	K. Receipts
F. Multi-Unit Development Agreement	

Date	**Print Name**	**Signature**
Date	**Print Name**	**Signature**

Please sign this copy of the receipt, date your signature, and return it to Vanity Fur Franchising, LLC, 12495 Limonite Avenue, #1023, Eastvale, California 91752.